

This Prospectus has been seen and approved by the Directors, Promoter and Offeror of Malton Berhad ("Malton" or the "Company") and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

The Adviser and Managing Underwriter acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the public offering and is satisfied that any profit forecast (for which the Directors of Malton are fully responsible) prepared for inclusion in this Prospectus have been stated by the Directors after due and careful enquiry and have been duly reviewed by the Reporting Accountants.

The Securities Commission has approved the issue, offer or invitation in respect of the public offerings and that the approval shall not be taken to indicate that the Securities Commission recommends the public offerings.

The valuation approved or accepted by the Securities Commission shall only be utilised for the purpose of the corporate proposals submitted to and approved by the Securities Commission, and shall not be construed as an endorsement by the Securities Commission on the value of the subject assets for any other purposes.

The Securities Commission shall not be liable for any non-disclosure on the part of Malton and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.**

The Kuala Lumpur Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus. Re-quotation and listing on the Official List is not to be taken as an indication of the merits of Malton or of its securities.

A copy of this Prospectus has been registered by the Securities Commission and lodged with the Registrar of Companies, Malaysia who takes no responsibility for its contents.

TENTATIVE TIMETABLE

The indicative timing of events leading up to the Re-quotation and listing of Malton's entire issued and paid-up share capital of RM348,352,928 comprising of 348,352,928 Shares and the 174,176,464 Warrants on the Main Board of the KLSE is set out below:-

<u>Date</u>	<u>Event</u>
8 March 2002	Issue of Prospectus/Opening date of the Offer for Sale
25 March 2002	Closing date of the Offer for Sale
30 March 2002	Date for balloting of Applications
16 April 2002	Date for transfer
22 April 2002	Listing and Re-quotation date

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION PERIOD WILL REMAIN OPEN UNTIL 8.00 P.M. ON 25 MARCH 2002 OR FOR SUCH FUTURE PERIOD OR PERIODS AS THE DIRECTORS AND PROMOTER OF MALTON TOGETHER WITH THE MANAGING UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY DECIDE.

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Prospectus:-

Acquisition of KCR	- Acquisition by Malton of the entire issued and paid-up share capital of KCR comprising 16,650,010 Shares for a purchase consideration of RM96,928,160 satisfied by way of cash which was completed on 26 February 2002
Acquisition of BRD	- Acquisition by Malton of approximately 69.12% of the issued and paid-up share capital of BRD comprising 3,455,997 Shares for a purchase consideration of RM49,113,513.20 satisfied by way of cash and the assignment to Malton of the advances made to BRD by a former director and former holding company of BRD totalling RM30,886,486.80 for a cash consideration of the same amount both of which were completed on 27 February 2002
Acquisition of DR	- Acquisition by Malton of the entire issued and paid-up share capital of DR comprising 1,000,000 Shares for a purchase consideration of RM38,000,000 satisfied by way of cash which was completed on 27 February 2002
Acquisitions	- Acquisition of KCR, BRD and DR collectively
Act	- Companies Act, 1965
ADA	- Authorised Depository Agent
ADA Code	- ADA (Broker) Code
Application	- Refers to application for the Offer Shares by way of Application Forms or by way of Electronic Share Application
Application Form	- Application for Offer Shares by way of a printed Application Form
Arab-Malaysian	- Arab-Malaysian Merchant Bank Berhad (23742-V)
AC	- Asia-Condo Corporation Sdn Bhd (226975-M)
ATM	- Automated Teller Machine
BNM	- Bank Negara Malaysia
Board or Directors	- The Board of Directors of Malton
Bonus Issue	- Bonus Issue of new 174,176,464 Shares in Malton issued to Malton Corporation on 21 February 2002 on the basis of one (1) new Share for every one (1) existing Share held immediately after the Disposal
BRD	- Bukit Rimau Development Sdn Bhd (301067-U)
BRD Vendor	- Asas Unggul Sdn Bhd (337943-D)
CDS	- Central Depository System
Deed Poll	- The deed poll dated 21 February 2002 executed by Malton constituting and governing the Warrants

DEFINITIONS (Cont'd)

Disposal	- Disposal of DRB-HICOM's and Gadek's entire equity interest of 100% in Malton comprising 174,176,464 Shares for a total cash consideration of RM480 million to Malton Corporation which was completed on 19 February 2002
DH	- Domain Habitat Sdn Bhd (344214-D)
DR	- Domain Resources Sdn Bhd (132394-V)
DR Group	- DR and its subsidiary
DR Vendors	- Jointly Hillary Frank Fredericks (for Che King Tow), Wee Beng Aun and Che Kiong Seong
DRB-HICOM	- DRB-HICOM Berhad (203430-W)
EBIDTA	- Earnings before interest, depreciation, taxation and amortisation
Electronic Share Application	- Application for Offer Shares through a Participating Financial Institution's ATM
Employees	- Employees of Malton Group (excluding Directors)
EPS	- Earnings Per Share
FIC	- Foreign Investment Committee
Gadek	- Gadek (Malaysia) Berhad (37137-U)
Gadek Capital	- Gadek Capital Berhad (320888-T)
GDP	- Gross Domestic Product
GD	- Gapadu Development Sdn Bhd (144602-M)
GH	- Gapadu Harta Sdn Bhd (374782-D)
Government	- Government of Malaysia
HP	- Horizontal Promenade Sdn Bhd (532766-P)
Identified Public Placees	- Malaysian institutional and individual investors identified by Malton Corporation
Increase In Authorised Share Capital	- Increase in the authorised share capital of Malton from RM200,000,000 comprising 200,000,000 Shares to RM1,000,000,000 comprising 1,000,000,000 Shares on 19 February 2002
KLSE	- Kuala Lumpur Stock Exchange
KCD	- Khuan Choo Development Sdn Bhd (290878-V)
KCR	- Khuan Choo Realty Sdn Bhd (58071-V)
KCR Group	- KCR and its subsidiaries

DEFINITIONS (Cont'd)

KCR Vendors	-	Jointly Datuk Lim Siew Choon, Sebaya Murni Sdn Bhd, Capt (R) Noziah bt Dato' Hj Osman, Zaheera Bt Ahmad, Major (Rtd) Ismail bin Ahmad and Lim Choon Hai																					
Malton or the Company	-	Malton Berhad, formerly known as Gadek Capital Berhad (320888-T)																					
Malton Group or Group	-	Malton and its subsidiaries																					
Malton Corporation, Offeror or Promoter	-	Malton Corporation Sdn Bhd (388263-A)																					
MCD or Central Depository	-	Malaysian Central Depository Sdn Bhd (165570-W)																					
MI	-	Minority interests																					
MIH or Issuing House	-	Malaysian Issuing House Sdn Bhd (258345-X)																					
MITI	-	Ministry of International Trade and Industry																					
MOF	-	Minister of Finance																					
NTA	-	Net Tangible Assets																					
Offer for Sale or Offer	-	Offer for Sale of 122,280,000 Shares in Malton at the Offer Price payable in full on application with 61,140,000 free detachable Warrants on the basis of one (1) free Warrant for every two (2) Shares offered pursuant to the Re-quotations and listing of Malton on the Main Board of the KLSE by the Offeror to Directors, Employees, VO Minorities, Identified Public Placees, Bumiputera investors approved by MITI, and to the Malaysian public as follows and subject to the terms and conditions of the Application set out in Section 15: -																					
		<table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: right;">No. of Shares</th> <th style="text-align: right;">No of Warrants</th> </tr> </thead> <tbody> <tr> <td>Bumiputera investors approved by MITI (20% of the paid-up share capital of Malton)</td> <td style="text-align: right;">69,671,000</td> <td style="text-align: right;">34,835,500</td> </tr> <tr> <td>Malaysian public</td> <td style="text-align: right;">5,000,000</td> <td style="text-align: right;">2,500,000</td> </tr> <tr> <td>VO Minorities</td> <td style="text-align: right;">7,865,000</td> <td style="text-align: right;">3,932,500</td> </tr> <tr> <td>Directors and Employees</td> <td style="text-align: right;">1,746,000</td> <td style="text-align: right;">873,000</td> </tr> <tr> <td>Identified Public Placees</td> <td style="text-align: right;">37,998,000</td> <td style="text-align: right;">18,999,000</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">122,280,000</td> <td style="text-align: right;">61,140,000</td> </tr> </tbody> </table>		No. of Shares	No of Warrants	Bumiputera investors approved by MITI (20% of the paid-up share capital of Malton)	69,671,000	34,835,500	Malaysian public	5,000,000	2,500,000	VO Minorities	7,865,000	3,932,500	Directors and Employees	1,746,000	873,000	Identified Public Placees	37,998,000	18,999,000	Total	122,280,000	61,140,000
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Directors and Employees	1,746,000	873,000																					
Identified Public Placees	37,998,000	18,999,000																					
Total	122,280,000	61,140,000																					
Offer Price	-	The offer price of RM1.60 per Share in Malton offered pursuant to the Offer for Sale																					
Offer Shares	-	The 122,280,000 Shares in Malton, which are the subject of the Offer for Sale																					
Offer Warrants	-	The free 61,140,000 detachable Warrants in Malton, which are the subject of the Offer for Sale																					
Participating Financial Institution(s)	-	Refers to the Participating Financial Institutions for Electronic Share Application as listed in Section 15.7 of this Prospectus																					
PAT	-	Profit After Tax																					
PBT	-	Profit Before Tax																					

DEFINITIONS (Cont'd)

PE Multiple	- Price Earnings Multiple												
PFDC	- Perak Fruits & Development Corporation Sdn Bhd (161351-P)												
Placement	- Placement of up to 104,158,000 Shares in Malton at the Placement Price with up to 52,079,000 free detachable Warrants on the basis of one (1) free Warrant for every two (2) Shares placed to identified private investors and Bumiputera investors nominated by the Offeror and approved by MITI as follows:-												
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Total	104,158,000	52,079,000											
Placement Price	- The placement price of RM1.60 per Share in Malton pursuant to the Placement												
Placement Shares	- Up to 104,158,000 Shares in Malton which are the subject of the Placement												
Placement Warrants	- Up to 52,079,000 free detachable Warrants in Malton which are the subject of the Placement												
Re-quotations	- Re-quotations to the Official List and the listing of the entire issued and paid-up share capital of Malton of RM348,352,928 comprising 348,352,928 Shares and the 174,176,464 Warrants on the Main Board of the KLSE												
Restructuring	- Acquisitions, Bonus Issue, Placement, Offer For Sale, Warrants Issue and Increase In Authorised Share Capital collectively												
RM and sen	- Malaysian Ringgit and sen respectively												
RMC	- Regal Marvel Construction Sdn Bhd (197389-D)												
ROC	- Registrar of Companies, Malaysia												
RS	- Rentak Sejati Sdn Bhd (539925-D)												
RTO	- Reverse Take Over												
Rules	- The Rules of the Central Depository and any appendices therein												
SC	- Securities Commission												
SC Guidelines	- SC's policies and guidelines on Issue/Offer of Securities												
Share(s)	- Ordinary share(s) of RM1.00 each												
SS	- Silver Setup Sdn Bhd (532164-V)												
SSA	- Share Sale Agreement entered into between Malton Corporation and DRB-HICOM and Gadek on 21 December 2000 in respect of the Disposal.												

DEFINITIONS (Cont'd)

- VO Minorities**
- The minority shareholders of Gadek Capital Berhad existing at the date of the determination of the conditional voluntary offer entitlement date of 13 April 2000 to acquire the remaining Shares in the then Gadek Capital not already owned by DRB-HICOM and Gadek.
- Warrant(s)**
- The 174,176,464 warrants created and issued by Malton pursuant to the Warrants Issue. Each Warrant carries the right to subscribe for one(1) new Share in Malton upon and subject to the terms and conditions set out in the Deed Poll.
- Warrants Issue**
- Issue of 174,176,464 Warrants on the basis of one (1) Warrant for every two (2) existing Shares held in Malton to Malton Corporation after the Disposal and Bonus Issue (but before the Placement and Offer for Sale) at an aggregate consideration of RM250,000 i.e. approximately 0.14 sen per Warrant, which was completed on 26 February 2002.

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TABLE OF CONTENTS

	<i>Page</i>
1. INFORMATION SUMMARY	1
1.1 History and Business	1
1.2 Promoter, Major Shareholders, Directors and Key Management.....	3
1.3 Financial Highlights	5
1.4 Proforma Consolidated Balance Sheets of Malton Group as at 30 September 2001.....	6
1.5 Summary of Material Risk Factors	6
1.6 Profit and Dividend Record.....	7
1.7 Proforma Group NTA as at 30 September 2001	8
1.8 Principal Statistics Relating to the Offer for Sale	8
1.9 Utilisation of Cash Reserves	9
1.10 Material Litigation, Commitment and Contingent Liabilities	9
2. PARTICULARS OF THE OFFER FOR SALE	11
2.1 Share Capital	12
2.2 Basis of Arriving at the Offer Price	12
2.3 Details of the Offer for Sale	13
2.4 Opening and Closing Date of the Application	13
2.5 Critical dates of the Offer for Sale.....	14
2.6 Purposes of the Offer for Sale	14
2.7 Utilisation of Cash Reserves	14
2.8 Brokerage, Underwriting Commission and Placement Fee.....	16
2.9 Salient terms of the Underwriting Agreement.....	17
2.10 Approvals from Authorities	24
3. PARTICULARS OF THE WARRANTS	26
3.1 Introduction	26
3.2 Principal Terms of the Warrants.....	28
3.3 Rationale for the Warrants Issue.....	29
3.4 Utilisation of Proceeds from the Warrants Issue.....	29
3.5 Basis of Pricing	29
4. THE RISK FACTORS.....	30
5. INFORMATION ON THE MALTON GROUP.....	34
5.1 Incorporation.....	34
5.2 Share Capital and Changes in Share Capital of Malton.....	34
5.3 Subsidiary Companies	35
5.4 Restructuring Scheme.....	45
5.5 Business Overview	47
5.6 Industry Overview	59
5.7 Major Customers	66
5.8 Major Contractors/ Suppliers	66
6. INFORMATION ON PROMOTERS, MAJOR SHAREHOLDERS, DIRECTORS & KEY MANAGEMENT.....	67
6.1 Promoter	67
6.2 Major Shareholders	68
6.3 Directors.....	70
6.4 Audit Committee	72
6.5 Key Management of the Malton Group	72
6.6 Declarations from the Directors and Key Management Team.....	76
6.7 Family Relationship	76
6.8 Existing or Proposed Service Contracts	76

TABLE OF CONTENTS

	<i>Page</i>
7. APPROVALS AND CONDITIONS	77
7.1 Approvals and Conditions	77
7.2 Approvals, Major Licenses and Permits	80
8. RELATED-PARTY TRANSACTIONS.....	82
8.1 Related-Party Transactions/Conflict of Interest	82
8.2 Interest in Similar Business.....	83
8.3 Declaration by the Advisers.....	83
9. LANDED PROPERTIES.....	84
10. FINANCIAL INFORMATION.....	85
10.1 Consolidated Profit and Dividend Record	85
10.2 Segmental Analysis of Revenue and Profit	86
10.3 Directors' Declaration on Financial Performance	87
10.4 Working Capital, Borrowings, Contingent Liabilities, Material Commitment and Litigation.....	87
10.5 Consolidated Profit Forecast and Assumptions for the Financial Year Ending 30 June 2002.....	89
10.6 Reporting Accountants' Letter on the Consolidated Profit Forecast of the Malton Group for the Financial Year Ending 30 June 2002.....	91
10.7 Directors' Comments on Profit Forecast	92
10.8 Dividend Forecast and Policy	92
10.9 Proforma Consolidated Balance Sheets Of Malton Berhad as at 30 September 2001	93
10.10 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets.....	96
11. DIRECTORS' REPORT	97
12. ACCOUNTANTS' REPORT	98
13. VALUERS' LETTER	142
14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION.....	147
14.1 Share Capital	147
14.2 Articles of Association.....	147
14.3 Directors and Substantial Shareholders.....	150
14.4 General.....	152
14.5 Expenses, Commission and Fees	153
14.6 Material Contracts	153
14.7 Public Take-Overs.....	155
14.8 Material Litigation	155
14.9 Consents	156
14.10 Documents for Inspection.....	156
14.11 Responsibility.....	157
15. PROCEDURES FOR APPLICATION AND ACCEPTANCE	158
15.1 Opening and Closing of Application Lists.....	158
15.2 Methods of Applications	158
15.3 Application Forms.....	158
15.4 Application Using Application Forms	158
15.5 Application Using Electronic Share Applications	166
15.6 Applications and Acceptances.....	169
15.7 CDS Accounts.....	170
15.8 Notice of Allotment.....	170
15.9 Formalising CDS Accounts	171
15.10 List of ADA	171

CORPORATE INFORMATION**BOARD OF DIRECTORS**

Name	Address	Occupation	Nationality
Datuk Lim Siew Choon, Desmond	43-4-2, Vila Mutiara, Jalan Medang Tanduk, Bukit Bandaraya, 59000 Kuala Lumpur.	Executive Chairman	Malaysian
Datin Tan Kewi Yong, Cindy	43-4-2, Vila Mutiara, Jalan Medang Tanduk, Bukit Bandaraya, 59000 Kuala Lumpur.	Executive Director	Malaysian
Ho Yew Hong	No. AM-01-02, Subang Perdana Court 10, Persiaran Mulia USJ 15, 47630 Subang Jaya. Selangor Darul Ehsan.	Executive Director	Malaysian
Wan Azman bin Wan Kamal	A-1-3, Jalan USJ 11/1, Arcadia Apartment, 47620 Subang Jaya. Selangor Darul Ehsan.	Non-executive and Independent Director	Malaysian
Guido Paul Philip Joseph Ravelli	C-3-1, Sri Kenny Condo, 28 Jalan Tun Ismail, 50480 Kuala Lumpur.	Non-executive and Independent Director	British

INDEPENDENT DIRECTORS

Name	Address	Occupation	Nationality
Wan Azman bin Wan Kamal	A-1-3, Jalan USJ 11/1, Arcadia Apartment, 47620 Subang Jaya Selangor Darul Ehsan	Non-executive and Independent Director	Malaysian
Guido Paul Philip Joseph Ravelli	C-3-1, Sri Kenny Condo, 28 Jalan Tun Ismail, 50480 Kuala Lumpur.	Non-executive and Independent Director	British

AUDIT COMMITTEE

Name	Responsibility	Directorship
Wan Azman bin Wan Kamal	Chairman of Committee	Non-executive and Independent Director
Guido Paul Philip Joseph Ravelli	Member of Committee	Non-Executive and Independent Director
Ho Yew Hong	Member of Committee	Executive Director

CORPORATE INFORMATION (Cont'd)

- COMPANY SECRETARY** : Hor Shiow Jei (MAISCA 7023954)
A3-10 Happy Mansion
Jalan 17/13
46400 Petaling Jaya
Selangor Darul Ehsan
- Chew Weng Kit (MIA 6048)
174-3-9 Pangsapuri Kiara Park
Jalan Burhanuddin Helmi
Taman Tun Dr Ismail
60000 Kuala Lumpur
- Siew Yuit Mee (F) (MIA 13045)
10-22B Menara Megah
Jalan Kolam Air
Off Jalan Ipoh
51200 Kuala Lumpur
- REGISTERED OFFICE** : Suite 1603, 16th Floor, Wisma Lim Foo Yong
No. 86, Jalan Raja Chulan
50200 Kuala Lumpur
P.O. Box 11688
50754 Kuala Lumpur
Tel: 03-2732 0388
Fax: 03-2732 0338
- HEAD OFFICE** : 21st Floor, Menara SEA Insurance
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2697 1888
Fax: 03-2697 6233
- REGISTRARS & TRANSFER OFFICE** : Panama Resources Sdn Bhd (229948-U)
No.23, Jalan Sri Hartamas 7
Sri Hartamas
50480 Kuala Lumpur
Tel: 03-6201 1120
Fax: 03-6201 3121
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)
27th Floor, Menara Multi-Purpose
Capital Square
No.8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2693 2075
Fax: 03-2693 0858
- AUDITORS** : HALS & Associates
Chartered Accountants
Suite 1602, 16th Floor
Wisma Lim Foo Yong
86, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2143 3888
Fax: 03-2142 3116

CORPORATE INFORMATION (Cont'd)

- REPORTING ACCOUNTANTS** : HALS & Associates
Chartered Accountants
Suite 1602, 16th Floor
Wisma Lim Foo Yong
86, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2143 3888
Fax: 03-2142 3116
- SOLICITORS FOR THE COMPANY** : Christina Chia Ng & Partners
Advocates and Solicitors
Suite 4028, 4th Floor
President House
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2141 7711
Fax: 03-2141 1219
- CY Ngeow & Associates
Advocates and Solicitors
6th Floor, Wisma Harwant
106, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel: 03-2691 5867, 2694 4743, 2694 8507
Fax: 03-2693 3636
- SOLICITORS FOR DUE DILIGENCE** : Christina Chia Ng & Partners
Advocates and Solicitors
Suite 4028, 4th Floor
President House
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2141 7711
Fax: 03-2141 1219
- VALUERS** : Colliers Jordan Lee & Jaafar Sdn Bhd (59901-U)
Level 6, Block G North
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel: 03-2555811
Fax: 03-2555843
- Dass Mohamad Chartwell
Brooke Hillier Parker Sdn Bhd (448073A)
37 Jalan Mendaling
43000 Kajang
Selangor Darul Ehsan
Tel: 03-87336223
Fax: 03-87371217
- ADVISER AND MANAGING UNDERWRITER** : Arab-Malaysian Merchant Bank Berhad (23742-V)
22nd Floor, Bangunan Arab-Malaysian
55, Jalan Raja Chulan
50200 Kuala Lumpur
- UNDERWRITER** : Arab-Malaysian Merchant Bank Berhad (23742-V)
22nd Floor, Bangunan Arab-Malaysian
55, Jalan Raja Chulan
50200 Kuala Lumpur

CORPORATE INFORMATION (Cont'd)

**PRINCIPAL BANKERS/
FINANCIERS**

: Arab-Malaysian Bank Berhad (295576-U)
Level 18, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur

OCBC Bank (M) Berhad (295400-W)
Wisma Lee Rubber
Jalan Melaka
50100 Kuala Lumpur

Alliance Finance Berhad (8797-W)
9th Floor, Campbell Complex
98 Jalan Dang Wangi
50100 Kuala Lumpur

**RE-QUOTATION AND
LISTING SOUGHT**

: Main Board of the KLSE

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MALTON BERHAD

(Formerly known as Gadek Capital Berhad)

(Company No. 320888-T)

(Incorporated in Malaysia under the Companies Act, 1965)

1. INFORMATION SUMMARY

THE FOLLOWING INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION RELATING TO THE MALTON GROUP, AND SHOULD BE READ AND UNDERSTOOD IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS PRIOR TO MAKING INVESTMENT DECISIONS.

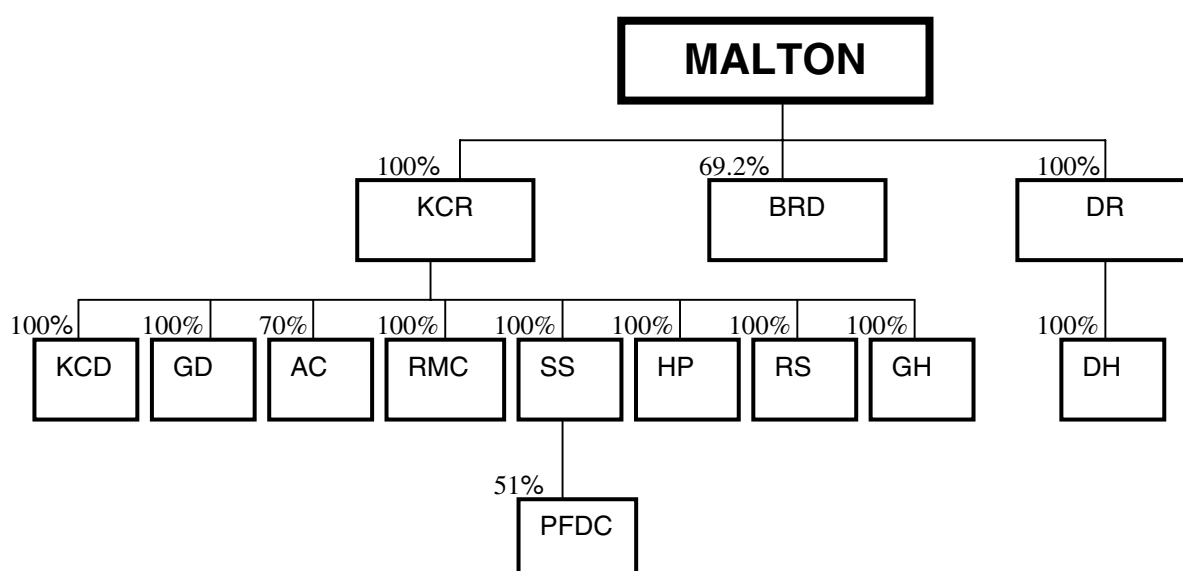
1.1 History and Business

Malton was incorporated in Malaysia on 24 October 1994 under the Companies Act, 1965 as a private limited company by the name of Optimum Balance Sdn Bhd. On 15 December 1994, it was converted to a public limited company and changed its name to Optimum Balance Berhad. On 19 December 1995, it changed its name to Gadek Capital Berhad and subsequently on 20 February 2002, it assumed its present name. Malton is an investment holding company.

Pursuant to the banking sector merger exercise under the directive of BNM, Malton (then known as Gadek Capital) disposed off Credit Corporation (Malaysia) Berhad to Hong Leong Bank Berhad leaving it without any business. On 21 December 2000, DRB-HICOM and Gadek entered into the SSA with Malton Corporation to dispose off 100% equity interest in Malton to Malton Corporation. To ensure continued growth and maintain its listing status, Malton acquired income-generating assets under the Acquisitions exercise.

Malton via the Acquisitions exercise emerges as a Group with a spectrum of property related businesses, namely; property development, project and construction management, construction and property investment based activities.

The Malton Group's corporate structure is set out below:-



1. INFORMATION SUMMARY (Cont'd)

The principal activities of its subsidiaries are as follows:-

Company	Date and Place of Incorporation	Issued and paid-up share capital RM	Effective Equity Interest (%)	Principal Activities
KCR	09.05.1980 Malaysia	16,650,010	100	Property development, investment in property and investment holding
BRD	19.05.1994 Malaysia	5,000,000	69.12	Property development
DR	31.12.1984 Malaysia	1,000,000	100	Provision of project and construction management and consultancy services for property development activities
Subsidiaries of KCR				
KCD	28.02.1994 Malaysia	5,000,000	100	Property development
GD	10.09.1985 Malaysia	1,000,000	100	Property development
AC	17.10.1991 Malaysia	2,210,000	70	Investment in property and property development
RMC	07.05.1990 Malaysia	1,000,000	100	Construction and project management
SS	15.11.2000 Malaysia	300,000	100	Investment holding
GH	22.01.1996 Malaysia	1,000,000	100	Property development
HP	24.11.2000 Malaysia	100,000	100	Property development
RS	21.02.2001 Malaysia	100,000	100	Property development
Subsidiary of SS				
PFDC*	08.05.1987 Malaysia	2,600,000	51	Investment in a land but currently dormant
Subsidiary of DR				
DH	23.05.1995 Malaysia	2	100	Dormant

* As at the date of this Prospectus, the sale and purchase agreement in relation to inter-alia the acquisition of 1,325,998 Shares in PFDC, representing approximately 51% of the issued and paid-up share capital of PFDC, by SS from SEA Development Corporation Inc. ('SEADC') has become unconditional and is pending completion.

As at 31 December 2001, the Malton Group has completed projects worth RM1.13 billion and on-going projects worth RM575 million. The Group's future projects are valued at approximately RM1.85 billion and are pre-dominantly focused in the more resilient residential sub-sector.

The Malton Group is presently developing integrated residential and commercial projects in several strategic areas in the Klang Valley, Shah Alam and Melaka. The property development division has completed residential, commercial and industrial developments in the Klang Valley.

1. INFORMATION SUMMARY (Cont'd)

Malton Group's project and construction management division has managed various warehouses, offices and housing developments in the Klang Valley, Selangor, Seberang Perai, Perak and Johor. The Group is presently involved as project managers in the development of several low-cost housing schemes under BNM and private rehabilitation housing projects.

The Group is also involved as turnkey contractors of the nation's first prototype smart school in Cheras and is constructing a nine-storey office building for Perbadanan Kemajuan Tanah Adat Melaka ("PERTAM") in Melaka.

Under the property investment division, Malton Group holds investments in several land banks and choice commercial and residential properties in the Klang Valley and Perak.

Detailed information on the history and business of KCR Group, BRD and DR Group is set out in Section 5 of this Prospectus.

1.2 Promoter, Major Shareholders, Directors and Key Management

Name	Nationality / Place of Incorporation	Designation	Final shareholdings after the Disposal and Restructuring				Final Warrant holding after the Disposal and Restructuring			
			<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
			No. of Shares	%	No. of Shares	%	No. of Warrants	%	No. of Warrants	%
Promoter/ Major Shareholders of Malton										
Malton Corporation	Malaysia		*121,914,928	35.0	-	-	*60,957,464	35.0	-	-
Datuk Lim Siew Choon, Desmond	Malaysian	Executive Chairman	-	-	*+121,914,928	35.0	-	-	*+60,957,464	35.0
Directors of Malton										
Datuk Lim Siew Choon, Desmond	Malaysian	Executive Chairman	-	-	*121,914,928	35.0	-	-	*+60,957,464	35.0
Datin Tan Kewi Yong, Cindy	Malaysian	Executive Director	-	-	-	-	-	-	-	-
Ho Yew Hong	Malaysian	Executive Director	^ 31,000	0.01	-	-	^ 15,500	0.01	-	-
Wan Azman bin Wan Kamal	Malaysian	Independent Director	^ 32,000	0.01	-	-	^ 16,000	0.01	-	-
Guido Paul Philip Joseph Ravelli	British	Independent Director	^ 32,000	0.01	-	-	^ 16,000	0.01	-	-

Notes:

* Assuming the completion of the Placement and Offer for Sale. The respective shareholdings (and warrant holdings) will increase proportionately with the number of Shares (and Warrants) not successfully placed/offered.

+ Deemed interested by virtue of his substantial shareholding in Malton Corporation.

^ Assuming they subscribe in full for their respective entitlement under the allocation to Directors and Employees of 1,746,000 Shares with 873,000 Warrants pursuant to the Offer for Sale.

Note: The major shareholders shown above do not include the Bumiputera investors approved by MITI, placees under the Placement or Identified Public Placees.

1. INFORMATION SUMMARY (Cont'd)

Name	Designation	Final shareholdings after the Disposal and Restructuring				Final Warrant holding after the Disposal and Restructuring			
		←-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
		No. of Shares ^^	%	No. of Shares	%	No. of Warrants ^^	%	No. of Warrants	%
Key Management of Malton Group									
Lim Choon Hai	Division Director, Business Development I	31,000	0.01	-	-	15,500	0.01	-	-
Ooi Ah Heong	Division Director, Business Development II	-	-	-	-	-	-	-	-
Che King Tow	Division Director, Property Development	31,000	0.01	-	-	15,500	0.01	-	-
Wee Beng Aun	Division Director, Project and Construction Management	31,000	0.01	-	-	15,500	0.01	-	-
Tan Teng Chye	Chief Operating Officer	42,000	0.01	-	-	21,000	0.01	-	-
Toh Lian Choo	Marketing Director, Marketing and Product Development	36,000	0.01	-	-	18,000	0.01	-	-
Mohamed Fadzil bin Mohamed Ariffin	General Manager, Business Development	36,000	0.01	-	-	18,000	0.01	-	-
Chan Toong Yau	General Manager, Property Development	36,000	0.01	-	-	18,000	0.01	-	-
Tan Kok Leong	Assistant General Manager, Finance	36,000	0.01	-	-	18,000	0.01	-	-
On Foo Weng	Finance Manager	8,000	Neg	-	-	4,000	Neg	-	-
Tay Jin Kok	Project Manager	36,000	0.01	-	-	18,000	0.01	-	-
Lim Sek Ming (Ir)	Project Manager	36,000	0.01	-	-	18,000	0.01	-	-
Chan Siew Keng	Project Manager	18,000	Neg	-	-	9,000	Neg	-	-
Tan Ka Beng	Project Manager	36,000	0.01	-	-	18,000	0.01	-	-
Yong Chu Jian	Project Manager	18,000	Neg	-	-	9,000	Neg	-	-
Boo Kuan Loon	Project Manager	36,000	0.01	-	-	18,000	0.01	-	-
Poon Kim Yew	Marketing & Building Manager	16,000	Neg	-	-	8,000	Neg	-	-

Notes:-

^^ Assuming they subscribe in full for their respective entitlement under the allocation to Directors and Employees of 1,746,000 Shares with 873,000 Warrants pursuant to the Offer for Sale.

Detailed information on the Promoter, Major Shareholders and Directors of Malton and Key Management of Malton Group is set out in Sections 6.1, 6.2, 6.3 and 6.5, respectively of this Prospectus. Detailed information on the Restructuring is set out in Sections 2, 3 and 5.4 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)

1.3 Financial Highlights

The following table has been extracted from the Accountants' Report set out in Section 12 of this Prospectus and should be read in conjunction with the notes and assumptions thereto.

The summarised proforma consolidated results of the Malton Group for the past five (5) financial years ended 30 June 2001 and the three (3) months period ended 30 September 2001 have been prepared for illustrative purposes only after making such adjustments that are considered necessary and assuming that the present Malton Group structure had been in existence throughout the period under review:-

	-----Audited-----					3-months period ended 30 September 2001 RM'000
	<-----Financial Year Ended 30 June----->					
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	
Turnover	105,107	134,138	169,824	207,964	218,979	38,857
EBIDTA	26,011	18,482	32,193	52,654	77,644	19,250
Interest expense	(873)	(1,149)	(1,443)	(3,383)	(3,219)	(751)
Depreciation	(1,584)	(1,875)	(1,793)	(1,768)	(1,773)	(355)
Operating profit	23,554	15,458	28,957	47,503	72,652	18,144
Exceptional item	-	-	-	(1,372)	(1,494)	(55)
PBT	23,554	15,458	28,957	46,131	71,158	18,089
Taxation	(7,997)	(5,435)	(749)	(11,452)	(22,408)	(5,156)
PAT	15,557	10,023	28,208	34,679	48,750	12,933
MI	(754)	281	(1,246)	(2,870)	(6,541)	(1,072)
PAT after MI	14,803	10,304	26,962	31,809	42,209	11,861
No. of Shares assumed to be in issue #	348,352	348,352	348,352	348,352	348,352	348,352
Gross EPS (sen)	6.37	4.49	7.95	12.22	17.60	^19.01
Net EPS (sen)	4.25	2.96	7.74	9.13	12.12	^13.62
Dividend rate (%)	-	-	-	-	-	-

Notes:-

Assuming that the Acquisitions had taken effect throughout the years and the share capital of the Malton Group is 348,352,928 Shares.

^ Annualised

i) The above results are arrived at after adjusting for significant inter-company transactions and minority interests in BRD (30.88%), AC (30%) and PFDC (49%).

ii) The financial year ends of AC (prior to 1998) and RMC (prior to 2000), GD (prior to 1998), BRD, DR and PFDC (prior to 2001) are not co-terminous with the Proforma Group year end of 30 June and consequently the results of these companies have been pro-rated, where appropriate, to arrive at the above results.

iii) All the accounts were reported on without any qualifications throughout the relevant periods under review.

The financial information of the Malton Group are detailed in Section 10. Notes to the proforma financial information of Malton Group are included in the Accountants' Report set out in Section 12 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)

1.4 Proforma Consolidated Balance Sheets of Malton Group as at 30 September 2001

The proforma consolidated balance sheets as set out below have been prepared for illustrative purposes only to show the effect on the consolidated audited balance sheets of Malton Group as at 30 September 2001 on the assumptions that the Restructuring has been effected on 30 September 2001.

	As at 30 September 2001 (audited) (RM'000)	(I) After Acquisitions (RM'000)	(II) After (I) and Bonus Issue and Warrants Issue (RM'000)	(III) After (II), Placement and Offer for Sale* (RM'000)	After (III) and exercise of all the Warrants (RM'000)
Share capital	174,176	174,176	348,352	348,352	522,528
Share premium	121,732	121,732	3,250	250	104,756
Retained profits	137,062	107,405	51,961	51,961	51,961
Shareholders' funds	432,970	403,313	403,563	400,563	679,245
Less :					
Intangibles	-	-	-	-	-
NTA	432,970	403,313	403,563	400,563	679,245
No. of shares in issue ('000)	174,176	174,176	348,352	348,352	522,528
NTA per share	2.49	2.32	1.16	1.15	1.30

* There is no effect on NTA for the Placement and Offer for Sale except for the estimated listing expenses of RM3 million which has been correspondingly reduced against share premium.

Detailed proforma consolidated balance sheets and the Reporting Accountants' letter thereon are set out in Section 10 of this Prospectus.

1.5 Summary of Material Risk Factors

In addition to the general risks associated with any investment in the stock market, there are certain additional risks in investing in the Company as well as risks specific to investments in entities engaged in the property development and construction industries. Applicants should consider carefully the risk factors that may affect Malton Group and the industries in which it operates as well as the relevant information contained in this Prospectus. The material risk factors, which are discussed in detail in Section 4, are, inter alia, as follows:-

- (i) Marketability of Malton's Shares and Warrants – There can be no assurance of an active market for the Shares and Warrants of Malton upon its Re-quotation and listing on the Main Board of the KLSE;
- (ii) Business Risks – As in any other business, Malton Group is subject to risks inherent in the property related industry;
- (iii) Financial Risks – The Group faces possible limitations in its growth and its operating and financial flexibilities arising from the business' existing indebtedness, its capital commitments and covenants in its borrowings;
- (iv) Industry Life-Cycle – The property related industry is cyclical in nature and dependent on the economic and political conditions of the country;
- (v) Dependence on Major Contractors/Suppliers – To avoid dependence on certain contractors and/or suppliers, the Group adopts measures to minimise risk of dependency and has established a wide network of contractors and suppliers;
- (vi) Dependence on Key Personnel – The Group's success will depend to a significant extent upon the abilities and continued efforts of its existing Directors and key management;
- (vii) Insurance Coverage on Assets – The Group faces risk of the crippling of its business operation should there be inadequate insurance coverage on the assets and projects of the Group;

1. INFORMATION SUMMARY (Cont'd)

- (viii) Competitive Risks – The Group faces competition from new entrants and established players in the property related industry;
- (ix) Delay in the Re quotation exercise – the Re-quotation exercise is also exposed to the risk that it may be delayed should certain events occur.
- (x) Delay in Completion of Projects – The completion of development and construction projects on time is dependent on many external factors;
- (xi) Political, Economic, Regulatory and Environmental Considerations – There could be no assurance that any change in these conditions would not have any material adverse impact on the Group's business;
- (xii) Forecasts – There can be no assurance that the forecasts contained herein will be realised and investors will be deemed to have read and understood the assumptions and uncertainties underlying the forecasts that are contained herein;
- (xiii) Disclosure Regarding Forward-Looking Statements – There can be no assurance that forward-looking statements in relation to the Malton Group as contained in this Prospectus will prove to be correct. Any differences in the expectations of the Group may materially affect the Group's financial and business performances and plans; and

1.6 Profit and Dividend Record

CONSOLIDATED PROFIT FORECAST	Forecast
Financial Year Ending 30 June	2002
Consolidated profit before taxation	102,003
Taxation	(28,900)
Consolidated profit after tax but before MI	73,103
MI	(5,213)
Consolidated profit after tax and MI	67,890
Pre-acquisition profits	(16,483)
Consolidated profit after tax, MI and pre-acquisition profits	51,407
<i>Number of Shares in issue upon completion of Restructuring</i>	348,352,928
<i>Number of Shares in issue upon exercise of all the Warrants</i>	522,529,392

	Forecast 2002	
	<i>Before deducting pre-acquisition profits</i>	<i>After deducting pre-acquisition profits</i>
Gross EPS (Sen)		
- based on share capital of 348,352,928 Shares	29.28	29.28
- based on enlarged share capital of up to 522,529,392 Shares	19.52	19.52
Net EPS (Sen)		
- based on share capital of 348,352,928 Shares	19.49	14.76
- based on enlarged share capital of up to 522,529,392 Shares	12.99	9.84
Gross PE multiple based on the Offer Price (times)		
- based on share capital of 348,352,928 Shares	5.46	5.46
- based on enlarged share capital of up to 522,529,392 Shares	8.20	8.20
Net PE based on the Offer Price (times)		
- based on share capital of 348,352,928 Shares	8.21	10.84
- based on enlarged share capital of up to 522,529,392 Shares	12.31	16.26

1. INFORMATION SUMMARY (Cont'd)**DIVIDEND FORECAST**

Financial Year Ending 30 June	Forecast 2002
Gross dividend per Share (%)	3.50
Gross dividend yield based on the Offer Price (%)	2.19
Effective gross dividend yield based on the Offer Price (%)	[^] 8.24
Net dividend cover (times)	5.86

[^] Computed based on the period from closing date of Application assuming on 25 March 2002 to the financial year end of 30 June 2002

Detailed information on the profit and dividend forecast is set out in Section 10.1.

1.7 Proforma Group NTA as at 30 September 2001

Proforma Group NTA (RM'000)*	400,563
NTA per Share (RM)	1.15
Proforma Consolidated Cash Position (RM'000)	248,641
Cash backing per Share (RM)	0.71

* After deducting the estimated listing expenses of RM3,000,000. Please refer to Section 2.7(d) for details on the estimated listing expenses.

The above proforma consolidated NTA is based on the issued and paid-up share capital of 348,352,928 Shares in Malton. Detailed calculations of the proforma consolidated NTA are set out in Section 10.10 of this Prospectus.

1.8 Principal Statistics Relating to the Offer for Sale**1.8.1 Share Capital**

The following statistics relating to the Offer for Sale are derived from the full text of this Prospectus and should be read in conjunction with the text.

AUTHORISED SHARE CAPITAL	RM
1,000,000,000 Shares	1,000,000,000
ISSUED AND FULLY PAID UP	
Existing Shares in issue	348,352,928
OFFERED PURSUANT TO THE OFFER FOR SALE	
122,280,000 Shares	122,280,000
OFFER PRICE PER SHARE	1.60

Malton has on 26 February 2002 issued 174,176,464 new Warrants in the proportion of one (1) Warrant for every two (2) existing Shares held in Malton after the Disposal and Bonus Issue (but before the Placement and Offer for Sale). A part of the Warrants will be attached to the Offer Shares for free on the basis of one (1) Offer Warrant for every two (2) Offer Shares.

Assuming full exercise of the 174,176,464 Warrants, the issued and paid-up share capital of Malton will increase to RM522,529,392, comprising 522,529,392 Shares.

Particulars of the Warrants are set out in Section 3 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)

1.8.2 Class of Shares

There is only one class of shares in the Company, namely Shares, all of which rank pari passu with one another. The Offer Shares to be offered pursuant to this Prospectus will rank pari passu in all respects with the other existing issued and paid-up Shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of transfer to the successful applicants.

The new Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue be credited as fully paid and shall rank pari passu in all respects with the then existing Shares of Malton in issue except that they will not be entitled to any dividends, rights, allotments and/or other distribution, the entitlement date of which is before the allotment and issuance of the new Shares.

Details of the Principal Statistics Relating to the Offer for Sale is set out in Section 2.1.

1.9 Utilisation of Cash Reserves

The SC has noted the proposed utilisation of cash in the Company upon completion of the Disposal, estimated at RM430,000,000 be used to finance the following:-

	RM
Acquisitions of :-	
• 100% equity interest in KCR Group	96,928,160
• 69.12% equity interest in BRD	*80,000,000
• 100% equity interest in DR	38,000,000
Working capital purposes	41,108,533
Acquisition of future land banks, investment properties and/or the acquisition of remaining Shares of BRD if applicable	170,963,307
Estimated expenses	3,000,000
Total	430,000,000

* Including assignment to Malton of the advances to BRD from a former director and former holding company of BRD of RM30,886,486.80 for a cash consideration of the same amount.

Details of the proposed utilisation of cash reserves are set out in Section 2.7 of this Prospectus.

1.10 Material Litigation, Commitment and Contingent Liabilities

Material Litigations

Save as disclosed below, as at 27 February 2002, (being the last practicable date prior to the printing of this Prospectus), the Group is not engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position or business of the Group, and the Directors of Malton do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially affect the financial position or business of the Group.

- a) A civil suit under Shah Alam High Court Suit No. 21-288-96 was filed by Assocorp Sdn Bhd ("Assocorp") on 29 August 1996 against the State Government of Selangor as the first defendant, the Menteri Besar of Selangor as the second defendant and BRD as the third defendant wherein Assocorp has challenged the withdrawal by the State Government of Selangor of a process of land acquisition of all the piece of land held under Geran No. 36409, Lot 3783, Mukim and Daerah Klang, Negeri Selangor, which said land was subsequently owned by BRD, for the purpose of re-alienating the said land in favour of Assocorp. The case had been struck out by the Senior Assistant Registrar on 20 May 1997. Assocorp had filed a notice of appeal to the Judge in Chambers on 24 May 1997 and the said appeal is pending decision on a date to be fixed by the Court for the said decision. The solicitors acting for BRD in the case are of the opinion that there are decent grounds to have the appeal dismissed and the Directors of Malton verily believe that the case has no merit and the appeal will also be unsuccessful.

1. INFORMATION SUMMARY (Cont'd)

- b) A Companies Winding-Up Petition under Kuala Lumpur High Court Petition No.D1-28-16-2002 pursuant to Section 218 of the Companies Act, 1965 has been presented by BBR Construction Systems (M) Sdn Bhd (“BBRCS”) against RMC in respect of a claim for a sum of RM905,971.20 alleged to be due and owing by RMC to BBRCS for structural repair works for Sekolah Rendah Utara and Sekolah Menengah Utara on part of Lot Nos. 51018,4408,38 and lands in Taman Shamelin, Cheras, Kuala Lumpur. The hearing of the said winding-up petition has been fixed on 18 March 2002. The solicitors acting for RMC in the said winding-up action are of the opinion that RMC has good defences to the claim and is not liable to pay the amount claimed as there is not privity of contract between RMC and BBRCS. Furthermore, the said solicitors are of the opinion that BBRCS may not be able to sue in a Court of Law because of the existence of an arbitration clause in relevant letter of award. For these reasons, the solicitors acting for RMC in the winding-up action are also of the opinion that RMC has a good defence against the petition as the amount claimed is clearly disputed, and there being no judgement of court on the claim, the Winding-Up procedure adopted by BBRCS is inappropriate and will not succeed. The Directors of Malton also verily believe that the claim and the winding-up action will not succeed.

Contingent Liabilities

Save as disclosed below, as at 30 September 2001, the Directors of Malton confirm that there are no contingent liabilities, which have become enforceable, or are likely to become enforceable which will affect the ability of the Company or any of its subsidiaries to meet its obligations as and when they fall due.

- a) Corporate Guarantee given or agreed to be given to financial institutions/banks in respect of loans/credit facilities extended to subsidiary companies, totalling RM7,235,000;
- b) Investment pledged to financial institution for loan granted to a subsidiary company, for RM1,547,000;
- c) Bank guarantees given by a subsidiary to third parties amounting to RM2,405,000 in relation to contract works; and
- d) Letter of Guarantee from a subsidiary in favour of a supplier/third party in respect of the supply and continued supply of ready mixed concrete and the giving of credit to a sub-contractor/third party in relation to the construction and completion of the proposed 9-storey Menara Pertam. On 27 February 2002, a letter of revocation has been issued and will take effect one (1) month from the date of the letter.

Capital Commitment

Save as disclosed, as at 30 September 2001, the Directors of Malton confirm, Malton Group has not incurred any capital commitment outside the ordinary course of business which upon becoming enforceable, may have a substantial impact on the financial position and/or business of the Group except for the balance of purchase consideration of subsidiary companies amounting to RM2,636,000.

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2. PARTICULARS OF THE OFFER FOR SALE

This Prospectus is dated 8 March 2002.

A copy of this Prospectus has been registered with the SC and lodged with the ROC who takes no responsibility for its contents.

The approval of the SC obtained vide its letters dated 3 October 2001 and 12 December 2001 shall not be taken to indicate that the SC recommends the Offer for Sale and that investors should rely on their own evaluation to assess the merits and risks of the Offer for Sale.

Approval-in-principle has been obtained from the KLSE on 9 February 2002 for the following:-

- (a) admission to the Official List and listing and quotation of the 174,176,464 Warrants;
- (b) listing of 174,176,464 new Shares arising from the Bonus Issue; and
- (c) listing of up to 174,176,464 new Shares arising from the exercise of the Warrants.

These Bonus Issue Shares will be officially quoted and the Warrants will be officially listed and quoted upon *inter-alia*, receipt of confirmation from MCD that all CDS accounts of the successful applicants have been duly credited and notices of transfer have been despatched to all successful applicants.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991 and Section 39(1)(j) of the Act, KLSE has prescribed the securities of Malton as a prescribed security. In consequence thereof, the Shares and Warrants issued/offered through this Prospectus will be deposited directly with the MCD and any dealings in these Shares and Warrants will be carried out in accordance with the aforesaid Acts and the Rules of the MCD.

An applicant should state his CDS Account number in the space provided in the Application Form if he presently has such an account. Where an applicant does not presently have a CDS Account, he should state in the Application Form his preferred ADA Code.

The KLSE assumes no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Listing of the Shares and admission to the Official List and listing and quotation of the Warrants on the Main Board of the KLSE is not to be taken as an indication of the merits of the Company or of its Shares or Warrants.

No person is authorised to give any information or to make any representation not contained herein in connection with the Offer for Sale and if given or made, such information or representation must not be relied upon as having been authorised by Malton. Neither the delivery of this Prospectus nor any Offer for Sale made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of Malton since the date hereof.

The distribution of this Prospectus and the making of the Offer for Sale in certain other jurisdictions outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for or purchase the Shares and Warrants of Malton in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional advisers.

2. PARTICULARS OF THE OFFER FOR SALE (Cont'd)

2.1 Share Capital

AUTHORISED SHARE CAPITAL	RM
1,000,000,000 Shares	1,000,000,000
ISSUED AND FULLY PAID UP:	
Existing Shares in issue	348,352,928
OFFERED PURSUANT TO THE OFFER FOR SALE	
122,280,000 Shares	122,280,000
OFFER PRICE PER SHARE WITH WARRANT	1.60

Malton has on 26 February 2002 issued 174,176,464 new Warrants in the proportion of one (1) Warrant for every two (2) existing Shares held in Malton after the Disposal and Bonus Issue (but before the Placement and Offer for Sale). A part of the Warrants will be attached to the Offer Shares for free on the basis of one (1) Offer Warrant for every two (2) Offer Shares.

Assuming full exercise of the 174,176,464 Warrants, the issued and paid-up share capital of Malton will increase to RM522,529,392, comprising 522,529,392 Shares.

Particulars of the Warrants are set out in Section 3 of this Prospectus.

There is only one class of shares in the Company, namely Shares, all of which rank pari passu with one another. The Offer Shares will rank pari passu in all respects with the other existing issued and paid-up Shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of transfer to successful applicants.

The new Shares arising from the exercise of the Offer Warrants shall upon allotment and issue rank pari passu in all respects with the then existing Shares of Malton, except that the new Shares shall not be entitled to any dividends, rights, allotments or other distributions, the entitlement date of which is before the allotment and issuance date of the new Shares.

Subject to any special rights attaching to any Shares which may be issued by the Company in the future, the holders of Shares in the Company shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and the whole of any surplus in the event of the liquidation of the Company.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and, on a show of hands, every shareholder present shall have one vote, or if by proxy or representatives or attorney, and if more than one is appointed, only one is entitled to vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representatives shall have one vote for each share held.

2.2 Basis of Arriving at the Offer Price

The Offer Price was determined and agreed upon by the Company, the Offeror and Arab-Malaysian as Adviser and Managing Underwriter based on various factors including the following:-

- (i) the Group's financial and operating history as outlined in Section 1.3 and 12 of this Prospectus;
- (ii) the forecast net PE multiple of approximately 8.21 times based on the forecast net EPS for the financial year ending 30 June 2002 of 19.49 sen (before deducting pre-acquisition profits) or approximately 10.84 times based on the forecast net EPS for the financial year ending 30 June 2002 of 14.76 sen (after deducting pre-acquisition profits) and the Offer Price of RM1.60 per Share;
- (iii) the future plans and prospects of the Malton Group as outlined in Section 5.5.2 of this Prospectus;

2. PARTICULARS OF THE OFFER FOR SALE (Cont'd)

- (iv) the proforma consolidated NTA per Share of Malton as at 30 September 2001 of RM1.15 as set out in the proforma consolidated balance sheet as at 30 September 2001;
- (v) the cash available in Malton Group of approximately RM248.64 million translating into a cash backing per Share of RM0.71;
- (vi) the Warrants, of which 61,140,000 Warrants are attached for free to the Offer Shares, have a theoretical value per Warrant of RM0.49 (based on the Black Scholes valuation method); and
- (vii) the comparisons with other recently listed companies involved in property development.

The Directors of the Malton, the Offeror and Arab-Malaysian are of the opinion that the Offer Price is fair and reasonable after careful consideration of the abovementioned factors.

However, applicants should also note that the market price of the 348,352,928 Shares and 174,176,464 Warrants in Malton upon listing and Re-quotation on the KLSE are subject to the vagaries of the market forces and other uncertainties which may affect the market price of Malton's Shares and Warrants.

2.3 Details of the Offer for Sale

The Offer Shares are offered at the Offer Price with 61,140,000 free Offer Warrants on the basis of one (1) free Warrant for every two (2) Offer Shares. The Offer Price is payable in full on Application upon such terms and conditions as set out in this Prospectus.

The 122,280,000 Offer Shares with 61,140,000 Offer Warrants will be allocated in the following manner:-

- (i) 5,000,000 Offer Shares with 2,500,000 Offer Warrants will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which up to 30% is set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions;
- (ii) 1,746,000 Offer Shares with 873,000 Offer Warrants have been reserved for Directors and Employees;
- (iii) 7,865,000 Offer Shares with 3,932,500 Offer Warrants have been reserved for the VO Minorities;
- (iv) 69,671,000 Offer Shares with 34,835,500 Offer Warrants have been reserved for Bumiputera investors approved by MITI; and
- (v) 37,998,000 Offer Shares with 18,999,000 Offer Warrants have been reserved for placement to Identified Public Placees.

The Offer Shares represents approximately 35.1% of the issued and paid-up share capital of Malton of 348,352,928 Shares.

The Offer Shares with Offer Warrants in respect of (i), (ii), (iii) and (v) above have been fully underwritten. The Offer Shares with Offer Warrants in respect of paragraph (iv) above are reserved for Bumiputera investors approved by MITI, and therefore, are not underwritten. Any Offer Shares with Offer Warrants in respect of paragraph (ii), (iii) and (v) not subscribed by Directors, Employees, the VO Minorities and/or the Identified Public Placees will be made available for application by Malaysian public and vice-versa.

2.4 Opening and Closing Date of the Application

Applications for the Offer for Sale will open at 10.00 a.m. on 8 March 2002 and will remain open until 8.00 p.m. on 25 March 2002 or for such further period or periods as the Directors of Malton and the Offeror together with the Managing Underwriter in their absolute discretion may decide. Late applications will not be accepted.

2. PARTICULARS OF THE OFFER FOR SALE (Cont'd)

2.5 Critical dates of the Offer for Sale

Events	Tentative Date
Date of the Prospectus - Opening date of Application for the Offer for Sale	8 March 2002
Closing date of Application for the Offer for Sale	25 March 2002
Tentative balloting date	30 March 2002
Tentative transfer date	16 April 2002
Tentative listing and Re-quotation date	22 April 2002

2.6 Purposes of the Offer for Sale

The purposes of the Offer for Sale are as follows:-

- (i) To bring in strategic partners that could contribute to the future growth of Malton Group;
- (ii) To serve the purpose of meeting the shareholding spread pursuant to paragraph 3.05 of the Listing Requirements of the KLSE and paragraph 10.10 (1)(b) of Chapter 10 in the SC Guidelines;
- (iii) To provide an opportunity for Malaysian investors, institutions, Directors, Employees and the VO Minorities to participate in the equity and continuing growth of the Malton Group;
- (iv) To enable the Malton Group to gain access to the capital markets for funds for its future expansion and growth;
- (v) To enable Malton to meet the National Development Policy requirement on 30% bumiputera shareholding spread in Malton upon its Re-quotation and listing; and
- (vi) To facilitate the listing of and Re-quotation for Malton's entire issued and paid-up Shares and Warrants on the Main Board of the KLSE.

2.7 Utilisation of Cash Reserves

The SC has noted the proposed utilisation of cash in the Company upon completion of the Disposal, estimated at RM430,000,000 be used to finance all the following:-

	RM
Acquisitions of:- (refer to note (a) below)	
• 100% equity interest in KCR Group	96,928,160
• 69.12% equity interest in BRD	*80,000,000
• 100% equity interest in DR	38,000,000
Working capital purposes (refer to note (b) below)	41,108,533
Acquisition of future land banks, investment properties and/or the acquisition of remaining Shares of BRD if applicable ("Utilisation for Future Acquisitions") (refer to note (c) below)	170,963,307
Estimated expenses (refer to note (d) below)	3,000,000
Total	430,000,000

* Including assignment to Malton of the advances to BRD from a former director and former holding company of BRD of RM30,886,486.80 for a cash consideration of the same amount.

2. PARTICULARS OF THE OFFER FOR SALE (Cont'd)

Notes:

(a) Utilisation for the acquisitions

RM214,928,160 has been utilised to acquire KCR, BRD and DR to provide Malton with an opportunity to be involved in a spectrum of property related business, namely; property development, property investment, project and construction management and construction based activities. Malton Group has emerged as a well-diversified property based group with strategic land banks that would secure Malton's future. The businesses of KCR Group, BRD and DR Group will provide long-term cashflow and profits and reasonable return on investments, which will benefit Malton and its shareholders in the future years.

(b) Working capital purposes

RM41,108,533 will be utilised for working capital purposes needed to manage the day-to-day operations of the Group. As Malton Group is essentially a diversified property based group, adequate working capital will give the Group a competitive edge in its cash management which in turn will support its pricing and product strategy.

(c) Utilisation for Future Acquisitions

Malton has earmarked RM170,963,307 for acquisition of future land bank, investment properties and/or acquisition of the remaining Shares in BRD if the opportunity arises. Malton has on 25 February 2002 executed two (2) conditional sale and purchase agreements to acquire the remaining 1,544,003 Shares, representing approximately 30.88% equity interest in BRD for a cash consideration of RM21,941,977.94. The proposed acquisition is subject to the approval from the relevant authorities/parties.

The Board is of the opinion that the current economic climate offers ample opportunities to Malton Group to expand its land banks, thus further expanding its business horizon. The Board is of the view that the time-frame for the Utilisation for Future Acquisitions will be within two (2) years.

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2. PARTICULARS OF THE OFFER FOR SALE (Cont'd)

(d) Estimated Listing and Re-quotation Expenses

The estimated listing expenses amounting to RM3 million consist of the following:-

	RM
PROFESSIONAL FEES	
<i>Merchant bank, Accountants, Lawyers, Valuers' fee</i>	2,000,000
REGULATORY FEES	
SC	
<i>Processing fees [RM30,000+0.05% x 348,352,928]</i>	205,000
<i>Registration of Prospectus</i>	5,000
KLSE	
<i>Perusal fees</i>	5,000
<i>Additional Listing fee</i>	50,000
ROC	
<i>Lodgement of Prospectus</i>	500
PRINTING AND ADVERTISEMENT OF PROSPECTUS	
<i>Printing of Prospectus, Application Forms and Envelope and Postage Expenses</i>	350,000
OTHERS	
<i>Issuing House Fee and Disbursement</i>	150,000
<i>Miscellaneous Expenses*</i>	234,500
	3,000,000

* Any unutilised amount shall be used for working capital.

Proceeds of the Offer for Sale

The gross proceeds of the Offer for Sale of approximately RM195.6 million shall accrue to the Offeror and no part of the proceeds of the Offer for Sale is receivable by Malton. The Offeror shall bear all expenses including underwriting fee, brokerage and stamp duty (if any) to the Offer Shares.

2.8 Brokerage, Underwriting Commission and Placement Fee

The Underwriter as mentioned in the Corporate Information Section of this Prospectus, have agreed to underwrite the 52,609,000 Shares to be offered pursuant to the Offer for Sale to Directors and Employees of the Malton Group, VO Minorities, Identified Public Places and the public. Underwriting commission is payable by the Offeror at 3% (for the Directors and Employees portion, the VO Minorities portion and the Malaysian public portion) and the placement fee is payable by the Offeror at 1.5% (for the Identified Public Places portion) of the Offer Price of RM1.60 per Share in Malton pursuant to the Offer for Sale.

Brokerage is payable in respect of the Offer for Sale by the Offeror at the rate of 1% of the Offer Price of RM1.60 per Share in respect of successful applications which bear the stamp of Arab-Malaysian, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

2. PARTICULARS OF THE OFFER FOR SALE (Cont'd)

2.9 Salient terms of the Underwriting Agreement

The following are extract of some of the Clauses of the Underwriting Agreement dated 28 February 2002 made between the Underwriter and the Offeror stating the events that may affect the underwriting of the Offer for Sale:-

References to Company in this section 2.9 of this Prospectus refer to Malton Corporation.

“2.2 The obligations of the Underwriter under this Agreement are conditional upon:-

- 2.2.1 there having been on or prior to the Closing Date, neither any adverse change nor any development reasonably likely to result in any adverse change in the condition (financial or otherwise) of the Malton Group, taken as a whole, which is material in the context of the Offer for Sale Shares from that set forth in the Prospectus, nor the occurrence of any event which makes any of the representations and warranties contained in Clause 3 in the opinion of the Underwriter (which opinion is final and binding) untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in Clause 3;
- 2.2.2 the delivery to the Underwriter prior to the date of the registration of the Prospectus with the SC of :-
 - 2.2.2.1 a copy certified as a true copy by an authorised officer of the Company of all the directors resolutions and the shareholders' circular resolution approving this Agreement and authorising the execution of this Agreement;
 - 2.2.2.2 a certificate from the secretary of Malton confirming that Khuan Choo Realty Sdn Bhd is a wholly-owned subsidiary of Malton;
 - 2.2.2.3 a certificate from the secretary of Malton confirming that Bukit Rimau Development Sdn Bhd is a 69.12% owned subsidiary of Malton;
 - 2.2.2.4 a certificate from the secretary of Malton confirming that Domain Resources Sdn Bhd is a wholly-owned subsidiary of Malton;
 - 2.2.2.5 a certificate signed by duly authorised officer of Malton stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 2.2.1.
- 2.2.3 the delivery to the Underwriter on the Closing Date of such reports and confirmations from the Board of Directors of the Company as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of this Agreement that will adversely affect the performance or financial or other position of the Malton Group;
- 2.2.4 the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 13;
- 2.2.5 the Offer For Sale not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;
- 2.2.6 the Company having complied with or been waived from the policies, guidelines and requirements of the Securities Commission and all revisions, amendments and/or supplements thereto;
- 2.2.7 the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the Securities Commission Act 1993 of Malaysia in relation to the Offer Shares.

2. PARTICULARS OF THE OFFER FOR SALE (Cont'd)

- 2.3 If any of the conditions set out in Clause 2.2 is not satisfied by the Closing Date, the Underwriter shall thereupon be entitled to terminate this Agreement and in that event except for the liability of the Company for the payment of costs and expenses as provided in Clause 13 incurred prior to or in connection with such termination there shall be no further claims by the Underwriter against the Company, and the Parties shall be released and discharged from their respective obligations hereunder PROVIDED THAT the Underwriter may at its discretion with respect only to its own obligations waive compliance with any of the provisions of Clause 2.2.
- 2.4 Notwithstanding anything herein contained, the Underwriter may at any time before the Closing Date by notice in writing delivered to the Company, terminate its obligations under this Agreement if in the opinion of the Underwriter there shall have been:-
- 2.4.1 a material change in the national or international monetary, financial, political or economic conditions or a material change in the stock market condition or exchange control or currency exchange rates as would in its reasonable opinion prejudice materially the success of the offering of the Offer Shares and the offering of the Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market); or
- 2.4.2 any material breach of the representations, warranties and undertakings or breach of any of the terms and conditions of this Agreement by the Company or withholding of information of a material nature from the Underwriter; or
- 2.4.3 any material change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series or series of events beyond the reasonable control of the Underwriter (including without limitation acts of government, strikes, lock-outs, fire, explosions, flooding, civil commotion, acts of war, sabotage, acts of God or accidents) which or is likely to have the effect of making any material part of this Agreement incapable of performance with its terms pursuant to the underwriting hereof;
- And thereupon the parties hereto shall (except for the liability of the Company in the payment of costs and expenses referred to in this Agreement incurred prior to or in connection with such termination) be released and discharged from their respective obligations hereunder.
- 2.5 In the event that a supplemental prospectus is issued with the SC's approval subsequent to the issue of the Prospectus, the Underwriter may at any time before the Closing Date, terminate its obligations under this Agreement if in his reasonable opinion, there shall have been events which have occurred detailed in Clause 2.4.1 to 2.4.3 above.
- 2.6 In the event of termination pursuant to Clause 2.4 and 2.5 above, the respective parties hereto shall be released and discharged from their obligations hereunder, save and except that the liability of the Company for the payment of costs and expenses referred to in this Agreement incurred prior to or in connection with such termination shall remain and shall not be affected by such termination.
- 3.1 As a condition of the agreement by the Underwriter to underwrite the Underwritten Shares and in consideration thereof, the Company represents, warrants and undertakes to the Underwriter that:-

2. PARTICULARS OF THE OFFER FOR SALE (Cont'd)

- 3.1.1 the Prospectus shall be in form and substance satisfactory and acceptable to the SC, the KLSE and other relevant authorities and will contain all information which is material in the context of the Offer, such information to be contained in the Prospectus will be true, complete and accurate in all material respects and the Prospectus will not omit to state any material fact required or necessary to be stated therein with regard to the Offer and in light of the circumstances under which they are made, not misleading in any respect and that the Directors have made enquiries to ascertain all facts material for the Prospectus and have verified the completeness and accuracy of all such information and that no material fact has been omitted therein and the Company if required by the Underwriter, supply the Underwriter with evidence as to the accuracy thereof and where such information relates to opinions or expectations, the basis of such opinions or expectations;
- 3.1.2 the Offer and compliance by the Company and/ or Malton with the terms of this Agreement:-
- (a) do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, the Memorandum and Articles of Association of the Company or any existing law, regulation or listing requirements applying to or affecting Malton; and
 - (b) do not and will not infringe the terms of, or constitute a default under, any law, judgment, order, licence, permit, consent, trust deed, agreement or other instrument or obligation to which Malton is a party or by which it or any part of its undertaking, assets, property or revenues is bound or affected;
- 3.1.3 save as disclosed in the Prospectus, neither the Malton nor any of its subsidiaries is involved in, nor is there pending or threatened against it, or any of them, any litigation, winding-up or arbitration proceedings which has a material adverse effect on the financial condition or otherwise or the earnings, affairs or business prospects of the Group;
- 3.1.4 no circumstances or situations have arisen which is or are likely to materially and adversely affect the financial condition or business of the Malton Group or the success of the Offer and that no information has been withheld from the Underwriter which may in any way affect its decision to underwrite the Underwritten Shares;
- 3.1.5 Malton and each of its subsidiaries will carry on and operate its business and affairs with due diligence and efficiency and in accordance with sound financial and commercial standards and practices and, since the date of the Prospectus, except as disclosed in writing to the Underwriter, the Malton Group has not entered into any contract or commitment of an unusual or onerous nature, which, in the context of the Offer, might be material for disclosure and each of them has carried on its business on the business in the ordinary and usual course;
- 3.1.6 that all necessary consents, approvals, authorisations or other orders of all regulatory authorities required for or in connection with the execution of this Agreement and the issue of the Offer Shares and any other matters contemplated hereby have been or will be unconditionally obtained, or, if granted subject to conditions, such conditions being fulfilled to the satisfaction of the Underwriter, and are or will be in full force and effect;
- 3.1.7 that all information supplied or to be supplied to the Underwriter for the purpose of or in connection with the Offer is true, complete and accurate in all respects and where such information relates to opinions or expectations, the basis of such opinions, expectations or intention (including any profit or other forecast) are considered by the directors of Malton based on relevant considerations and facts then made;

2. PARTICULARS OF THE OFFER FOR SALE (Cont'd)

- 3.1.8 the Offer and the execution and delivery by the Company of this Agreement and the performance of the obligations to be assumed hereunder by the Company have been duly authorised by all necessary corporate action of the Company, including but not limited to approval of the shareholders of the Company in a general meeting so that upon due execution, will constitute valid, binding and enforceable obligations of the Company, in accordance with their respective terms;
- 3.1.9 Malton and each of its subsidiaries is a company duly incorporated under the laws of its place of incorporation and validly existing with full power and authority to conduct its business in each jurisdiction where it carries on business and is not in liquidation and no steps have been taken by any person for or with a view to the appointment of a liquidator, receiver and/or manager or judicial manager of the company or of any of its assets or undertakings;
- 3.1.10 the Accounts have been prepared in accordance with the law and on a basis consistently applied in accordance with accounting principles, standards and practices generally accepted in Malaysia so as to give a true and fair view of the financial results and state of affairs of Malton and the Malton Group as a whole for the financial period ended and as at 30 September 2001 as the case may be, and (so far as are material for disclosure for the purposes of the Accounts) have made adequate provision for appropriate disclosures for all known material liabilities whether actual or contingent, of the Malton Group as a whole as at such date and have complied in all material respects with the requirements of all relevant laws and accounting principles and practices then in force and generally accepted in Malaysia and since 30 September 2001 there has been no material adverse change in the financial position of the Malton Group, any of its subsidiaries or the Group taken as a whole, save as may be disclosed in the Prospectus, any public announcement or publicly available document or disclosed to the Underwriter prior to the date of this Agreement;
- 3.1.11 all forecasts, expressions of opinion, intention and expectation which have been or will be disclosed in writing to the Underwriter in connection with the Offer are or will when given be fair and truly and honestly held by the directors of the Company and have been or will be made after due and careful consideration;
- 3.1.12 other than indebtedness contested in good faith by Malton as disclosed in the Prospectus, no outstanding indebtedness of the Group has become payable by reason of default by the Group and no event has occurred or is, so far as the Company is aware, impending which with the lapse of time or the fulfillment of any condition or the giving of notice may result in any such indebtedness becoming so payable;
- 3.1.13 all taxes (whether income tax, property tax or otherwise) of Malton or all taxes which are material in the context of the Offer, for which it is liable or which ought to have been paid have been duly paid or adequately provided for; all the returns notices of information which are made or given by it for taxation are up to date, correct and on a proper basis, and are not subject to any dispute with any relevant and appropriate authorities and there are no present circumstances (of which the Company is or ought reasonably to be aware) which are likely to give rise to any such dispute;
- 3.1.14 the records, statutory books and books of accounts of the Malton Group are duly entered upon and maintained in accordance with all legal requirements applicable thereto and contain true, full and accurate records of all matters required to be dealt with therein and all such books and all records and documents (including documents of title) which are their respective property are in their possession or under their control and all accounts, documents and returns required to be delivered or made to the ROC have been duly and correctly delivered or made;

2. PARTICULARS OF THE OFFER FOR SALE (Cont'd)

- 3.1.15 all the assets of the Malton Group which are of an insurable nature have at all material times been and are at the date hereof insured against fire and other risks normally insured against by companies carrying on similar businesses or owning property of a similar nature. In respect of such insurances, all premiums have been duly paid to date and all the policies are in force and are not voidable on account of any act, omission or non-disclosure on the part of the insured party;
- 3.2. The Company covenants and undertakes with the Underwriter to do or procure Malton to do the following:-
- 3.2.1 to pay all and any stamp and other documentary taxes or duties, including any interest and penalties resulting from delay or omission on the part of the Company, payable on, or in connection with, the distribution of the Offer Shares or the execution of this Agreement;
- 3.2.2 to comply with all requirements and provisions of the Companies Act 1965, Securities Commission Act 1993 and other applicable legislation, the Listing Requirements of the KLSE and the requirements of all other relevant authorities;
- 3.2.3 to comply with all the conditions, if any, imposed by the SC and KLSE for the listing of and quotation for the entire issued and paid-up share capital of Malton on the Main Board of the KLSE;
- 3.2.4 to promptly and without any delay whatsoever notify the Underwriter of any facts, information, situations or circumstances which the Company believes may materially and adversely affect the success of the Offer and in particular and without prejudice to the generality of the foregoing representations, warranties or agreements at any time prior to the Closing Date take such steps as may be reasonably requested by the Underwriter to remedy and/or publicise the same;
- 3.2.5 to give to the Underwriter any or all information which the Underwriter may require in respect of the accounts or affairs of the Malton Group or in connection with the Offer or the other proposals contained in the Prospectus or any facts/information/situation/instances which may adversely affect the Offer;
- 3.2.6 to fix the Closing Date together with the Underwriter;
- 3.2.7 to do all other things and sign or execute such documents as may be required in order to complete the Offer.
- 3.3 The commitment of the Underwriter to underwrite the Underwritten Shares being made on the basis of the representations, warranties and undertakings of the Company in this Clause 3 and with the intention that such representations, warranties and undertakings shall remain true and accurate in all material respects up to and including the Closing Date, the Company undertakes with the Underwriter that it shall:-
- 3.3.1 hold and keep the Underwriter fully and effectively indemnified and harmless against any damages, losses, liabilities, costs, claims, charges, expenses, actions or demands (including but not limited to all costs, charges and expenses, including legal fees, paid or incurred in disputing or defending any such claim or action) which the Underwriter may incur as a result of any misrepresentation by the Company or any breach on its part of such representations, warranties or undertakings or any failure by the Company to perform its obligations under this Agreement, in particular but not limited to the Company's failure to issue and deliver to the Central Depository or MCD for the credit of the Securities Account of the Underwriter, the certificates in respect of the Underwritten Shares allotted to the Underwriter or its nominee(s) (unless the Underwriter shall have been advised of a change or termination of any of such representations, warranties or undertakings prior to the Closing Date, pursuant to Clause 3.3.2 below and the Underwriter shall have elected not to terminate this Agreement notwithstanding such advice);

2. PARTICULARS OF THE OFFER FOR SALE (Cont'd)

- 3.3.2 at any time prior to the Closing Date, forthwith notify the Underwriter of any misrepresentation or of anything which has or may have rendered or will or may render untrue or incorrect in any material respect any of its representations, warranties or undertakings but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriter hereunder;
- 3.3.3 if this Agreement is terminated by the Underwriter in accordance with the provisions of Clause 11, the Company shall indemnify the Underwriter against any damages, losses, liabilities, costs, claims, charges, expenses, actions or demands which it may sustain or incur as a result of such termination; and
- 3.3.4 not publish any amendment or supplement to the Prospectus of which the Underwriter have not previously been advised or to which the Underwriter or its legal advisers shall reasonably object.
- 3.4 If any action, proceeding, claim or demand shall be brought or asserted against the Underwriter in respect of which indemnity be sought from the Company, the Underwriter shall notify the Company in writing, and the Company shall assume the defence thereof, including the employment of legal advisers selected by the Company with the prior approval of the Underwriter subject to the payment by the Company of all fees and expenses of such employment. The Underwriter shall have the right to select separate legal advisers to assume such legal defences and otherwise to participate in the defence of such action, proceeding, claim or demand on behalf of the Underwriter but the fees and expenses of such legal adviser shall be borne by the Company.
- 3.5 Before the Closing Date, the Company shall at the request of the Underwriter furnish or deliver to the Underwriter all information and documents which the Underwriter may reasonably request for the purpose of verifying the truth, completeness or accuracy of the representations, warranties and undertakings contained herein.
- 3.6 The Company undertakes and agrees not to cause, and to use its best endeavours not to permit, any Specified Event to occur before the Closing Date. If any Specified Event shall occur or come to the knowledge of the Company prior to the Closing Date, the Company shall forthwith give notice to the Underwriter of the same.
- 3.7 The said representations, warranties and undertakings shall be deemed to be repeated on and up to and including the Closing Date and shall continue in full force and effect notwithstanding completion of the transfer of the Offer Shares or any investigation by or on behalf of the Underwriter.
- 11.1 Notwithstanding anything herein contained, the Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:-
- 11.1.1 in the opinion of the Underwriter, there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company or by Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Malton Group, the success of the Offer, or the distribution or sale of the Offer Shares; or

2. PARTICULARS OF THE OFFER FOR SALE (Cont'd)

- 11.1.2 there is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Malton Group, the success of the Offer, or the distribution or sale of the Offer Shares; or
- 11.1.3 there shall have occurred, happened or come into effect any material and adverse change to the business or financial condition of the Malton Group; or
- 11.1.4 in the opinion of the Underwriter, there shall have occurred, happened or come into effect any of the following circumstances:-
- (a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
 - (b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);
- which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or the operations of the Malton Group, the success of the Offer, or the distribution or sale of the Offer, or which is likely to have the effect of making any material part of this Agreement incapable of performance with its terms pursuant to the underwriting thereof.
- 11.2 Upon such notice(s) being given under Clause 11.1, the Underwriter shall be released and discharged of its obligations without prejudice to their rights whereby this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, except that the Company shall remain liable in respect of any of its obligations and liabilities under Clause 3 and under Clause 13 for the payment of the costs and expenses already incurred up to the date on which such notice was given and under Clause 13 for the payment of any taxes, duties or levies. ”

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2. PARTICULARS OF THE OFFER FOR SALE (Cont'd)

2.10 Approvals from Authorities

Details of the conditions imposed by all the relevant authorities and status of compliance are set out in Section 7.1 of this Prospectus.

The Restructuring was approved by the following authorities as follows:-

Authorities	Date
SC	• 3 October 2001 and 12 December 2001
MITI	• 14 August 2001 and 4 December 2001
FIC	• 17 July 2001 and 7 December 2001

The details of the conditions of the authorities' approvals and status of compliance are set out below:-

<u>Conditions Imposed by SC</u>	<u>Status of Compliance</u>
Malton Corporation must ensure that the unutilised cash in Malton amounting to RM188 million, which was previously earmarked for the repayment of borrowings of DRB-HICOM, is to be placed with a stakeholder and injected into Malton before the completion of the Acquisitions	Met
Malton must ensure that at least 25% of its issued and paid-up share capital is held by public investors after the Restructuring is fully implemented	To be met
The Acquisition of KCR can only be implemented after the sale and purchase agreement between SS and SEA Development Corporation Inc. becomes unconditional	Met
Malton must ensure that the minimum land bank requirement of 1,000 acres is met before the issuance of the prospectus for the Offer for Sale	Met
DR must ensure that its contingent liabilities amounting to RM8,038,687 be discharged before the completion of the Acquisition of DR	Waiver from this condition obtained on 12 December 2001
Malton must present the final draft prospectus for SC's approval	Met
Malton must adhere to all provisions of the SC's Policies and Guidelines on Issue/Offer of Securities	Met
Malton must adhere to all conditions set by MITI, FIC and other relevant authorities relating to the Restructuring	To be complied
Malton is to ensure that it will always comply with the public shareholding spread requirement of at least 25% at all times during the exercise period of the Warrants	To be met

2. PARTICULARS OF THE OFFER FOR SALE (Cont'd)**Conditions Imposed by SC****Status of Compliance**

Malton is to provide comprehensive disclosure on the following matters in the prospectus:-

- | | |
|--|-----|
| (a) implications on the EPS and NTA following the issuance and exercise of the Warrants; | Met |
| (b) details of the proposed utilisation of proceeds from the issue and exercise of the Warrants; and | Met |
| (c) the rights attached to each type of security. | Met |

Malton Corporation is required to furnish an undertaking that:-

- | | |
|--|--|
| (a) it will exercise the Warrants at the indicative price of RM1.60 per share, within the exercise period of the Warrants; | The variation to this condition has been sought for and is currently pending the SC's decision. See Section 3.1 of the Prospectus. |
|--|--|

- | | |
|--|--|
| (b) it will not dispose the Warrants throughout the exercise period of the Warrants. | |
|--|--|

Conditions (a) and (b) above shall not be applicable if the Warrants are issued to Malton Corporation at fair value.

The exercise price of the Warrants shall be determined in accordance with the SC's Policies and Guidelines on Issue/Offer of Securities; and	Met
--	-----

The DR Vendors are to furnish an indemnity to Malton, against any losses resulting from the contingent liabilities which may arise from the failure of DR to complete the relevant projects prior to DR being acquired by Malton.	Met
---	-----

Conditions Imposed by FIC**Status of Compliance**

Malton is to have at least 30% Bumiputera equity interest at all times	To be complied via the Offer for Sale and Placement
--	---

Malton is to obtain the approval of the SC and MITI	Malton obtained the approvals of the SC on 3 October 2001 and 12 December 2001 and the MITI on 14 August 2001 and 4 December 2001
---	---

Conditions Imposed by MITI**Status of Compliance**

Malton is to obtain the approval of the SC and FIC	Malton obtained the approvals of the SC on 3 October 2001 and 12 December 2001 and the FIC on 17 July 2001 and 7 December 2001
--	--

All the 104,506,000 Shares, representing 30% of the issued and paid-up share capital of Malton are to be offered to Bumiputera investors as special shares, whereby its allocation will be determined separately by MITI after the approval of the SC has been obtained.	To be met upon acceptance of the MITI approved Bumiputera investors
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3. PARTICULARS OF THE WARRANTS

3.1 Introduction

Pursuant to the Warrants Issue, Malton Corporation on 26 February 2002 subscribed to 174,176,464 new Warrants in the proportion of one (1) Warrant for every two (2) existing Shares held in Malton after the Disposal and Bonus Issue (but before the Placement and Offer for Sale) at an aggregate consideration of RM250,000, i.e. approximately 0.14 sen per Warrant.

As the Warrants are issued not at fair value, the approval of the Warrants Issue from the SC dated 12 December 2001 had certain conditions imposed by the SC, *inter-alia* for Malton Corporation to furnish an undertaking that:

- (A) it will exercise the Warrants at the indicative price of RM1.60 per share, within the exercise period of the warrants; and
- (B) it will not dispose the said Warrants throughout the exercise period of the warrants.

Arab-Malaysian, on behalf of Malton Corporation had submitted an appeal to vary the above condition (A) for Malton Corporation to instead furnish an undertaking that:-

- (i) the 60,957,464 Warrants (the "Offeror's Warrants") it will hold upon completion of the Restructuring would be exercisable if it is "In-the-money" (as defined below);
- (ii) the Offeror's Warrants would be exercisable in tranches within the period commencing one(1) quarter before the fourth (4th) anniversary of the issuance of the said Warrants ("Anniversary") to the three(3) quarters after the Anniversary; and
- (iii) in the event, the said Warrants are **not** "In-the-money" in the fourth (4th) Price Monitoring Quarter (as defined below), Malton Corporation will no longer be required to exercise the Offeror's Warrants before the expiry of the Warrants.

In order to facilitate the above exercise, Malton Corporation will furnish an undertaking that it will exercise the Offeror's Warrants on the following basis:-

- (a) The Offeror's Warrants would be divided into four(4) tranches (i.e. 15,239,366 Warrants per tranche) and each tranche will be monitored during the Price Monitoring Quarter (as defined below) for exercise. If a tranche is "In-the-money" (as defined below) in its corresponding Price Monitoring Quarter, then the tranche must be exercised at the exercise price of RM1.60 per Share ("Exercise Price") within one(1) month from the last date of the Monitoring Period as defined below ("Mandatory Exercise");
- (b) In the event a tranche or tranches is/are not "In-the-money" in its corresponding Price Monitoring Quarter, then the said tranche(s) will be brought forward to the next Price Monitoring Quarter(s). If the said tranche(s) is/are "In-the-money" in the next Price Monitoring Quarter(s), the said tranche(s) will be subject to Mandatory Exercise;
- (c) In the event any tranche(s) remaining unexercised after the fourth(4th) Price Monitoring Quarter, Malton Corporation will not be required to exercise the said tranche(s) before the expiry of the Offeror's Warrants;
- (d) In the event Malton Corporation exercises any of the Offeror's Warrants before the Offeror's Warrants are due to be exercised under the proposed exercise mechanism, the tranche of the Offeror's Warrants exercisable in the immediate and, if need be the subsequent Price Monitoring Quarter(s) would be reduced correspondingly;

3. PARTICULARS OF THE WARRANTS (Cont'd)

The four(4) Price Monitoring Quarters are set out below:-

Tranche	Price Monitoring Quarter	Start	End
1	1 st	89 days before the Anniversary	Anniversary
2	2 nd	1 day after the Anniversary	90 days after the Anniversary
3	3 rd	91 days after the Anniversary	180 days after the Anniversary
4	4 th	181 days after the Anniversary	270 days after the Anniversary

- (e) The Offeror's Warrants would be deemed "In-the-money" if the closing market price of the Malton Shares for twenty (20) consecutive market days exceeds the Exercise Price by 20% during the Monitoring Period (as defined below);
- (f) The Monitoring Period is defined as the twenty (20) market days period commencing from the first day of each Price Monitoring Quarter; and
- (g) Please note that the above SC condition only applies to the 60,957,464 Warrants, which will be retained by Malton Corporation, i.e. the Offeror. The Offer Warrants will not be subject to the aforementioned SC condition.

Malton Corporation will as part of the Placement and Offer for Sale, attach for free, one (1) Warrant for every two (2) existing Shares in Malton placed/offered pursuant to the Placement and Offer for Sale. Each Warrant entitles the holder to subscribe for one (1) new Share in Malton within five (5) years from and including the date of issue at the Exercise Price of RM1.60 per new Share. The Exercise Price will be subject to adjustments under certain circumstances in accordance with the terms and conditions of the Deed Poll constituting and governing the Warrants.

Holders of the Warrants will not have any voting rights in any general meeting of the Company. The new Shares to be issued pursuant to the exercise of the Warrants shall upon allotment and issue rank pari passu in all respects with the then existing Shares of Malton, except that the new Shares shall not be entitled to any dividends, rights, allotments or other distributions, the entitlement date of which is before the allotment and issuance date of the new Shares.

In addition, the new Shares to be issued pursuant to the exercise of the Warrants shall not be entitled to any dividends or any other distributions declared or to be declared in respect of any financial years or interim periods preceding the financial year or interim period in which the new Shares were allotted and issued.

Approval-in-principle has been obtained from the KLSE on 9 February 2002 for the admission to the Official List and listing and quotation of the 174,176,464 Warrants and the listing of up to 174,176,464 new Shares arising from the exercise of the Warrants. The Warrants will be admitted to the Official List and official quotation of the Warrants is expected to commence after receipt of confirmation from MCD that all CDS accounts of the successful applicants have been duly credited and notices of transfer have been despatched to all successful applicants.

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3. PARTICULARS OF THE WARRANTS (Cont'd)

3.2 Principal Terms of the Warrants

The Warrants are constituted and governed by a Deed Poll dated 21 February 2002 executed by the Company. The following statements on the terms and conditions of the Warrants are a summary of, and are subject to, the detailed provisions of the Deed Poll. The Warrant holders are entitled to the benefits of, are bound by, and are deemed to have notice of, all provisions contained in the Deed Poll. Terms not defined herein shall bear the same meaning assigned to it under the Deed Poll.

Issue Size	:	174,176,464 Warrants to subscribe for 174,176,464 new Shares in Malton. Each Warrant carries the right to subscribe for one (1) new Share in Malton as stated in the Warrants Entitlement.
Method of Offering	:	The Warrants will be offered as part of the Placement and Offer for Sale whereby Malton Corporation will attach for free one (1) Warrant for every two (2) existing Shares of Malton placed/offered.
Warrants offer price	:	The Placement Warrants and Offer Warrants will be attached for free to the Placement Shares and Offer Shares respectively as stated in the Method of Offering.
Form	:	The Warrants will be issued in registered form and separately traded upon issue.
Transferability	:	The Warrants shall be transferable in the manner set out in the Deed Poll and subject always to the provision of the Central Depositories Act and the Rules of the Central Depository.
Warrants' Entitlement	:	Each Warrant entitles the holder to subscribe for one (1) new Share in Malton during the Exercise Period at the Exercise Price. The Warrants' entitlement is subject to adjustments under the terms and conditions set out in the Deed Poll.
Exercise Price	:	The exercise price of the Warrants is RM1.60 per new Share in Malton subject to such adjustments as provided in the Deed Poll.
Exercise Period	:	The Warrants may be exercised at any time on or before the maturity date falling five (5) years from and including the date of issue of the Warrants. Warrants not exercised after the Exercise Period will thereafter lapse and cease to be valid.
Mode of Exercise	:	The holder of the Warrant shall when exercising the Warrant to subscribe for new Share in Malton, satisfy the Exercise Price wholly by cash payment.
Listing	:	Approval-in-principle has been obtained from KLSE for the admission to the Official List of the KLSE and the listing of and quotation for the Warrants and the new Shares arising from the exercise of the Warrants.
Board Lot	:	For the purpose of trading on the KLSE, board lot of Warrants will be 1,000 Warrants.
Status of new Shares	:	The new Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the then existing Shares of the Company in issue except that they will not be entitled to any dividends, rights, allotment or other distributions, the entitlement date of which is before the allotment and issuance of the new Shares.

3. PARTICULARS OF THE WARRANTS (Cont'd)

3.3 Rationale for the Warrants Issue

The Warrants Issue shall, not being exhaustive, serve the following objectives:-

- (a) In view of the prevailing cautious market sentiments, the Warrants is intended to attract strategic investors, Bumiputera investors and public participation into Malton via the Placement and Offer for Sale respectively;
- (b) the Warrants will provide shareholders with an opportunity to participate in the growth of the Company in the future; and
- (c) in the event that the Warrants are fully exercised at the Exercise Price, the Company will receive approximately RM278.68 million of cash infusion as working capital.

3.4 Utilisation of Proceeds from the Warrants Issue

The total proceeds to be raised from the Warrants Issue is RM250,000 and will be used for working capital purposes of the Company, within six(6) months from the date of this Prospectus.

The Warrants, if exercised in full at the Exercise Price, will provide Malton with a cash infusion of approximately RM278.68 million which is proposed to be utilised for working capital purposes.

3.5 Basis of Pricing

The Warrants were issued by Malton to Malton Corporation at an aggregate consideration of RM250,000 i.e. approximately 0.14 sen per Warrant, as part of the Warrants will be thereafter given by Malton Corporation to the placees/offerees of the Placement and Offer for Sale for free to attract strategic investors, Bumiputera investors and public participation into Malton.

For information purposes, the theoretical valuation of the Warrants based on the Black Scholes model is RM0.49. The Black Scholes valuation is a formula used for pricing of a call option which requires five variables namely the risk-free interest rate, variance of the underlying stock, exercise price, price of the underlying stock and time to expiration. The Exercise Price has been fixed at RM1.60 per new Share in Malton which is consistent with the Offer Price and Placement Price wherein both of which are also RM1.60 per Share in Malton.

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4. THE RISK FACTORS

In evaluating an investment in the Offer for Sale, prospective applicants should carefully consider all information contained in this Prospectus including but not limited to the general and specific risks of the following investment considerations:-

(i) **Marketability of Malton's Shares and Warrants**

The Offer Price has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and standing, the future prospects of the Group and the sectors in which the Group are involved in, the net tangible assets of the Group, the valuation of all development properties of the Group, the market prices for shares of other companies engaged in businesses similar to that of the Group and the prevailing market condition at the time of application to the SC for the Re-quotation and listing of the Malton's Shares and Warrants.

There is no assurance that the Offer Price will correspond to the price at which Malton's Shares will trade on the Main Board of the KLSE upon or subsequent to its listing or that an active market for Malton's Shares and Warrants will develop and continue upon or subsequent to its listing.

(ii) **Business Risks**

The Malton Group is subject to certain risk inherent in the property and construction sectors. These risks are related to sustainability of income throughout the project period of the on-going projects, changes in demand by buyers for housing, retail and commercial units from the current and future projects, shortages of resources such as land banks and supply of labour and building materials, variation in cost of building materials and cost of labour, financing to undertake the property development projects, weather conditions, foreign exchange rates and competition by other property developers and contractors. Another possible risk is delay in completion of projects arising from obtaining approvals as scheduled, favourable credit terms and satisfactory performance of building contractors which may be appointed to complete the projects and securing construction materials in adequate amount. Despite plans to diversify within the segment and developing in strategic land banks, there is no assurance that these risks can be totally eliminated.

The Group has within its management team, well qualified and experienced personnels from diverse disciplines, who are able to plan, mitigate and minimise the business risk inherent in the property and construction sectors.

(iii) **Financial Risks**

It is an inherent risk in any business to face possible limitations in its growth and its operating and financial flexibilities arising from the business' existing indebtedness, its capital commitments and covenants in its borrowings

As at 30 September 2001, the Malton Group's bank borrowings amounted to approximately RM64.14 million, of which the whole amount is secured, inter-alia, by way of legal charges over the landed properties and certain assets of the Malton Group. Notwithstanding that, the borrowings facilities were incurred for the acquisition of operating assets as well as for working capital purposes and funds expected to be generated in future coupled with the cash reserves in the Company are expected to be more than adequate to meet the repayment terms of the facilities.

Any increase in interest rates will increase the burden of the Group with respect to interest payments of its bank borrowings depending on the total outstanding loan as at that point in time. There can be no assurance that the performance of the Group would remain favourable in the event of adverse changes in the interest rate.

4. THE RISK FACTORS (Cont'd)

(iv) Industry Life-Cycle

Property related industry is cyclical in nature and dependent on the economic and political conditions of the country. The Malton Group has, pursuant to the Restructuring, a spectrum of property related businesses, namely; property development, property investment, project and construction management. These synergistic businesses provide the Malton Group with a diversified income stream to cushion the cyclical effects of the mainstream property development industry as well as to avoid over reliance on any particular segment of the industry. Malton Group would focus predominantly, in the coming years, on the residential market that is more resilient to the effects of any downturn in the economy. The Group's residential housing projects (e.g. Bukit Rimau in Shah Alam and Taman Batu Berendam Putra in Melaka) are located strategically in the Klang Valley and near major cities. In addition, some of the commercial developments of the Malton Group are also strategically located in residential areas where supply of commercial properties is not high.

No assurance can be given that any change to these factors would not have any material adverse impact on the Group's businesses.

(v) Dependence on Major Contractors/Suppliers

As shown in Section 5.8 of this Prospectus, Malton Group is not solely dependent on any of the major contractors/suppliers as the Group has established a wide network of contractors and suppliers. Such network is established through long-term relationships with most of its contractors.

The Group adopts various measures to minimize risk of dependency on certain contractors and/or suppliers as follows: -

- (a) The Group adopts a tender system in selecting contractors and suppliers. The selection is made after due consideration of their experience, track records and qualifications; and
- (b) The Group ensures that contractors are not awarded contracts more than they are capable to undertake. Under such circumstances, the Group continuously reviews and evaluates the work in progress of each of the projects awarded to ensure prompt completion and reasonable quality attained.

(vi) Dependence on Key Personnel

The Malton Group believes that its continued success will depend significantly on the abilities and continued efforts of its existing Directors, senior management and project co-ordinators. The loss of key members of the management could adversely affect the Group's ability to compete in the industry. However, with a secure working environment and an attractive remuneration scheme, the Group's management has expanded and strengthened over the years. The Group is confident that with the capabilities of its employees, it would not expect any difficulties in the continuity of management. In addition, every effort is presently made to recruit and retain skilled personnel to ensure the continued growth of the Group.

(vii) Insurance coverage on assets

The Group is aware of the adverse consequences arising from inadequate insurance coverage that could cripple its business operation. In ensuring such risks are maintained to the minimum, the Group reviews and ensures adequate coverage for its assets and projects on a continuous basis.

4. THE RISK FACTORS (Cont'd)

(viii) Competitive Risks

The Malton Group faces competition from other companies that are involved in property and construction activities. No assurance is given that the Malton Group will be able to maintain its market share. However, the Directors believe that the Group will be able to maintain its position due to their extensive knowledge and expertise in the field.

The Group's vast experience in property development coupled with its strategic land banks will secure Malton's future growth. Also given the Group's diversified portfolio of residential cum commercial projects in various states across the country, the Group is well placed to mitigate its risks.

Nonetheless, no assurance could be given that any change to these factors would not have any material adverse impact on the Group's business.

(ix) Delay in the Re quotation Exercise

The listing exercise is exposed to the risk that it may be delayed should the Bumiputera investors approved by the MITI fail to subscribe to the portion of the Offer for Sale and Placement allocated to them.

(x) Delay In Completion of Projects

Development and construction projects are subject to various regulatory approvals and the completion of such projects on time is dependent on many external factors, such as weather condition, obtaining regulatory approvals as scheduled, securing construction materials in adequate amounts, favourable credit terms and satisfactory performance of building contractors which may be appointed to complete the development and construction projects and acts of God etc. There can be no assurance that these factors will not lead to delays in completion of a project. These delays may have a direct impact on the Group's future profitability.

Malton Group's well qualified and experienced management team works closely with all suppliers, contractors and authorities to ensure that delays in completion of projects be minimised or avoided.

(xi) Political, Economic, Regulatory and Environmental Considerations

Adverse developments in political, economic and regulatory conditions in Malaysia and other countries where the Group may operate could materially and adversely affect the financial prospects of the Group. Political and economic uncertainties, include but are not limited to changes in both monetary and fiscal policies, risks of war, expropriation, nationalisation, renegotiation or nullification of existing contracts and methods of taxation and currency exchange controls.

Notwithstanding the above, the Government of Malaysia has in recent years introduced initiatives to stimulate and promote the property sector. This includes measures such as the lowering of interest rate; increasing liquidity; increasing financial institutions' willingness to grant financing for purchase of properties; waiving and granting discount on stamp duty for property with certain range of value; and revising the rates of stamp duty on instruments of transfer of property. As a result, the outlook of the property market especially in the medium and low cost segments remains encouraging.

Nonetheless, no assurance could be given that any change to these factors would not have any material adverse impact on the Group's business.

4. THE RISK FACTORS (Cont'd)

(xii) Forecasts

This Prospectus contains certain forecasts for the Group that are based on assumptions that are subject to uncertainties and contingencies. The Directors have considered the assumptions used in the preparation of forecasts to be reasonable. Because of the subjective judgements and inherent uncertainties of forecasts and because events and circumstances frequently do not occur as expected, there can be no assurance that the forecasts contained herein will be realised and actual results may be materially different from those shown. Investors will be deemed to have read and understood the description of the assumptions and uncertainties underlying the forecasts that are contained herein. Save as disclosed in the preceding paragraphs, to the best knowledge of the Directors, the Group is not vulnerable to any other major specific risk factors or events.

(xiii) Disclosure Regarding Forward-Looking Statements

This Prospectus contains certain forward-looking statements i.e. those other than statements of historical facts. Although the Group believes that the expectations reflected in such statements are reasonable at this time, there can be no assurance that such expectations will prove to be correct and may not be materially different from the Groups' actual performance and plans.

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5. INFORMATION ON THE MALTON GROUP

5.1 Incorporation

Malton was incorporated as a private limited company in Malaysia on 24 October 1994 under the Companies Act, 1965 by the name of Optimum Balance Sdn Bhd. On 15 December 1994, it was converted to a public limited company and changed its name to Optimum Balance Berhad. On 19 December 1995, it changed its name to Gadek Capital Berhad and subsequently on 20 February 2002, it changed its name and assumed its present name. Malton is an investment holding company.

5.2 Share Capital and Changes in Share Capital of Malton

The present authorised share capital of Malton is RM1,000,000,000 comprising 1,000,000,000 Shares whilst its issued and paid-up share capital is RM348,352,928 comprising 348,352,928 Shares. The Company also has issued 174,176,464 Warrants pursuant to the Warrants Issue. The principal terms of the Warrants are set out in Section 3.2 of this Prospectus.

The changes in the issued and paid up share capital of Malton since its incorporation are as follows:-

Date of Allotment	No. of Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
24.10.1994	2	1.00	Cash	2
02.01.1996	104,176,462	1.00	Acquisition of entire equity interest in Credit Corporation (Malaysia) Berhad at an issue price of RM1.00 per Share.	104,176,464
22.03.1996	34,222,774	1.00	Restricted issue of 34,222,774 new Shares in Malton to the shareholders of Gadek at an issue price of RM2.80 per Share for cash payable in full upon acceptance on the basis of two(2) new Shares for every three(3) existing Shares held in Gadek	138,399,238
22.03.1996	35,777,226	1.00	Public issue of 35,777,226 new Shares at an issue price of RM2.80 per Share	174,176,464
21.02.2002	174,176,464	1.00	Bonus Issue via capitalisation of the share premium and unappropriated profits	348,352,928

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5. INFORMATION ON THE MALTON GROUP (Cont'd)

5.3 Subsidiary Companies

Details of the subsidiaries of Malton are as follows:-

Company	Date and Place of Incorporation	Issued and paid-up share capital RM	Effective Equity Interest (%)	Principal Activities
KCR	9.05.1980 Malaysia	16,650,010	100	Property development, investment in property and investment holding
BRD	19.05.1994 Malaysia	5,000,000	69.12	Property development
DR	31.12.1984 Malaysia	1,000,000	100	Provision of project and construction management and consultancy services for property development activities
Subsidiaries of KCR				
KCD	28.02.1994 Malaysia	5,000,000	100	Property development
GD	10.09.1985 Malaysia	1,000,000	100	Property development
AC	17.10.1991 Malaysia	2,210,000	70	Investment in property and property development
RMC	7.05.1990 Malaysia	1,000,000	100	Construction and project management
SS	15.11.2000 Malaysia	300,000	100	Investment holding
GH	22.01.1996 Malaysia	1,000,000	100	Property development
HP	24.11.2000 Malaysia	100,000	100	Property development
RS	21.02.2001 Malaysia	100,000	100	Property development
Subsidiary of SS				
PFDC*	8.05.1987 Malaysia	2,600,000	51	Investment in a land but currently dormant
Subsidiary of DR				
DH	23.05.1995 Malaysia	2	100	Dormant

* As at the date of this Prospectus, the sale and purchase agreement in relation to inter-alia the acquisition of 1,325,998 Shares in PFDC, representing approximately 51% of the issued and paid-up share capital of PFDC, by SS from SEADC has become unconditional and is pending completion.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

5.3.1 KCR

(i) History and Business

KCR was incorporated on 9 May 1980 in Malaysia as a private limited company under the Companies Act, 1965. The principal activities of KCR are that of property development, investment in property and investment holding. KCR has 58 employees as at 31 January 2002.

(ii) Share Capital

The present authorised share capital of KCR is RM25,000,000 comprising 25,000,000 Shares whilst its issued and paid-up share capital is RM16,650,010 comprising 16,650,010 Shares.

The changes in the issued and paid up share capital of KCR since its incorporation are as follows:-

Date of Allotment	No. of Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
09.05.1980	7	1.00	Cash	7
24.10.1980	35,000	1.00	Acquisition of the total assets and liabilities from Khuan Choo Kongsi	35,007
26.06.1981	1,820,000	1.00	Assets transferred	1,855,007
11.04.1997	795,003	1.00	Cash	2,650,010
31.12.2000	14,000,000	1.00	Rights Issue of 5.283:1	16,650,010

(iii) Subsidiary and Associated Companies

As at 31 January 2002, KCR's subsidiaries are as shown in the first table of this Section 5.3. Further details of the subsidiaries of KCR are set out from Section 5.3.4 to 5.3.11.

5.3.2 BRD

(i) History and Business

BRD was incorporated on 19 May 1994 in Malaysia as a private limited company under the Companies Act, 1965. The principal activity of BRD is that of property development. BRD has 43 employees as at 31 January 2002.

(ii) Share Capital

The present authorised and issued and paid-up share capital of BRD is RM5,000,000 comprising 5,000,000 Shares.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

The changes in the issued and paid up share capital of BRD since its incorporation are as follows:-

Date of Allotment	No. of Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
19.05.1994	2	1.00	Cash	2
12.01.1995	499,998	1.00	Cash	500,000
27.09.1995	4,500,000	1.00	Cash	5,000,000

(iii) Subsidiary and Associated Companies

As at 31 January 2002, BRD has no subsidiaries or associated companies.

(iv) Major Shareholders

The major shareholders (holding 5% or more) of BRD as at 27 February 2002 are as follows: -

	No. of shares			
	Direct	%	Indirect	%
Malton	3,455,997	69.12	~1,544,003	30.88
Econstates Berhad	1,544,000	30.88		
Malton Corporation	-	-	#3,455,997	69.12
Datuk Lim Siew Choon, Desmond	-	-	*3,455,997	69.12
Road Builder (M) Holdings Bhd	-	-	^1,544,000	30.88

~ Malton is deemed interested by virtue of the two (2) conditional sale and purchase agreements dated 25 February 2002 for Malton to acquire the remaining 1,544,003 Shares, representing approximately 30.88% equity interest in BRD from Econstates Berhad and three (3) individuals respectively for a total cash consideration of RM21,941,977.94. The proposed acquisitions are subject to obtaining approvals from the relevant authorities/parties.

Deemed interested by virtue of its substantial interest in Malton

* Deemed interested by virtue of his substantial interest in Malton Corporation

^ Deemed interested by virtue of its substantial interest in Econstates Berhad

5.3.3 DR

(i) History and Business

DR was incorporated on 31 December 1984 in Malaysia as a private limited company under the Companies Act, 1965. The principal activities of DR are provision of project and construction management as well as consultancy services for property development activities. DR has 48 employees as at 31 January 2002.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

(ii) Share Capital

The present authorised and issued and paid-up share capital of DR is RM1,000,000 comprising 1,000,000 Shares.

The changes in the issued and paid up share capital of DR since its incorporation are as follows:-

Date of Allotment	No. of Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
31.12.1984	2	1.00	Cash	2
13.11.1992	98	1.00	Cash	100
13.08.1996	999,900	1.00	Cash	1,000,000

(iii) Subsidiary and Associated Companies

As at 31 January 2002, DR has a subsidiary, i.e. DH. Details of the subsidiary of DR are set out in Section 5.3.13.

5.3.4 KCD

(i) History and Business

KCD was incorporated on 28 February 1994 in Malaysia as a private limited company under the Companies Act, 1965. The principal activity of KCD is property development.

KCD has 20 employees as at 31 January 2002. KCD is a wholly-owned subsidiary of KCR.

(ii) Share Capital

The present authorised and issued and paid-up share capital of KCD is RM5,000,000 comprising 5,000,000 Shares.

The changes in the issued and paid-up share capital of KCD since incorporation are as follows:-

Date of Allotment	No. of shares allotted	Par Value (RM)	Consideration	Total issued and paid-up share capital (RM)
28.2.1994	3	1.00	Cash	3
16.1.1996	1,999,997	1.00	Cash for RM499,997 and capitalisation of amount due to creditors for RM1,500,000	2,000,000
10.3.1997	3,000,000	1.00	Cash	5,000,000

(iii) Subsidiary and Associated Companies

As at 31 January 2002, KCD has no subsidiaries or associated companies.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

5.3.5 GD

(i) History and Business

GD was incorporated on 10 September 1985 in Malaysia as a private limited company under the Companies Act, 1965. The principal activity of GD is property development.

GD has 12 employees as at 31 January 2002. GD is a wholly-owned subsidiary of KCR.

(ii) Share Capital

The present authorised share capital of GD is RM5,000,000 comprising 5,000,000 Shares whilst its issued and paid-up share capital is RM1,000,000 comprising 1,000,000 Shares.

The changes in the issued and paid-up share capital of GD since incorporation are as follows:-

Date of Allotment	No. of shares allotted	Par Value (RM)	Consideration	Total issued and paid-up share capital (RM)
10.9.1985	2	1.00	Cash	2
19.8.1991	10,000	1.00	Cash	10,002
20.4.1995	989,998	1.00	Cash	1,000,000

(iii) Subsidiary and Associated Companies

As at 31 January 2002, GD has no subsidiaries or associated companies.

5.3.6 AC

(i) History and Business

AC was incorporated on 17 October 1991 in Malaysia as a private limited company under the Companies Act, 1965. The principal activities of AC are investment in property and property development.

AC has no employees as at 31 January 2002. AC is a 70% owned subsidiary of KCR.

(ii) Share Capital

The present authorised share capital of AC is RM5,000,000 comprising 5,000,000 Shares whilst its issued and paid-up share capital is RM2,210,000 comprising 2,210,000 Shares.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

The changes in the issued and paid-up share capital of AC since incorporation are as follows:

Date of Allotment	No. of shares allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
17.10.1991	2	1.00	Cash	2
11.11.1992	1,998	1.00	Cash	2,000
29.3.1993	98,000	1.00	Cash	100,000
22.7.1994	1,200,000	1.00	Cash	1,300,00
28.4.1997	910,000	1.00	Capitalisation of amount due to shareholder	2,210,000

(iii) Subsidiary and Associated Companies

As at 31 January 2002, AC has no subsidiaries or associated companies.

(iv) Major Shareholders

The major shareholders (holding 5% or more) of AC as at 27 February 2002 are as follows: -

Shareholders	No. of shares			
	Direct	%	Indirect	%
KCR	1,547,000	70.00	-	-
KLMix Development Sdn Bhd	338,000	15.29	-	-
Malton	-	-	[^] 1,547,000	70.00
Malton Corporation	-	-	^{^^} 1,547,000	70.00
Datuk Lim Siew Choon, Desmond	-	-	[*] 1,547,000	70.00
Datuk Manan Bin Md Said	-	-	[#] 338,000	15.29
Mohamed Fadzil bin Mohamed Ariffin	325,000	14.71	[#] 338,000	15.29

[^] Deemed interested as KCR is a wholly owned subsidiary of Malton

^{^^} Deemed interested by virtue of its substantial interest in Malton

^{*} Deemed interested by virtue of his substantial shareholding in Malton Corporation

[#] Deemed interested by virtue of their substantial shareholdings in KLMix Development Sdn Bhd

5.3.7 RMC

(i) History and Business

RMC was incorporated on 7 May 1990 in Malaysia as a private limited company under the Companies Act, 1965. The principal activities of RMC are construction and project management.

RMC has 26 employees as at 31 January 2002. RMC is a wholly-owned subsidiary of KCR.

(ii) Share Capital

The present authorised and issued and paid-up share capital of RMC is RM1,000,000 comprising 1,000,000 Shares.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

The changes in the issued and paid-up share capital of RMC since incorporation are as follows:

Date of Allotment	No. of shares allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
7.5.1990	2	1.00	Cash	2
5.7.1993	99,998	1.00	Cash	100,000
21.1.1994	400,000	1.00	Cash	500,000
10.3.1995	500,000	1.00	Cash	1,000,000

(iii) Subsidiary and Associated Companies

As at 31 January 2002, RMC has no subsidiaries or associated companies.

5.3.8 SS

(i) History and Business

SS was incorporated on 15 November 2000 in Malaysia as a private limited company under the Companies Act, 1965. SS is principally an investment holding company for PFDC.

SS has no employees as at 31 January 2002. SS is a wholly-owned subsidiary of KCR.

(ii) Share Capital

The present authorised share capital of SS is RM500,000 comprising 500,000 Shares whilst its issued and paid-up share capital is RM300,000 comprising 300,000 Shares.

The changes in the issued and paid-up share capital of SS since incorporation are as follows:

Date of Allotment	No. of shares allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
15.11.2000	2	1.00	Cash	2
26.11.2001	299,998	1.00	Cash	300,000

(iii) Subsidiary and Associated Companies

As at 31 January 2002, SS has a subsidiary, i.e. PFDC. However, the sale and purchase agreement in relation to inter-alia the acquisition of 1,325,998 Shares in PFDC representing approximately 51% of the issued and paid-up share capital of PFDC by SS from SEADC is pending completion. Details of the subsidiary of SS are set out in Section 5.3.12 of this Prospectus.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

5.3.9 GH**(i) History and Business**

GH was incorporated on 22 January 1996 in Malaysia as a private limited company under the Companies Act, 1965. The principal activity of GH is property development.

GH has no employees as at 31 January 2002. GH is a wholly-owned subsidiary of KCR.

(ii) Share Capital

The present authorised and issued and paid-up share capital of GH is RM1,000,000 comprising 1,000,000 Shares.

The changes in the issued and paid-up share capital of GH since incorporation are as follows:-

Date of Allotment	No. of shares allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
22.1.1996	2	1.00	Cash	2
14.1.1997	999,998	1.00	Cash	1,000,000

(iii) Subsidiary and Associated Companies

As at 31 January 2002, GH has no subsidiaries or associated companies.

5.3.10 HP**(i) History and Business**

HP was incorporated on 24 November 2000 in Malaysia as a private limited company under the Companies Act, 1965. The principal activity of HP is property development.

HP has no employees as at 31 January 2002. HP is a wholly-owned subsidiary of KCR.

(ii) Share Capital

The present authorised and issued and paid-up share capital of HP is RM100,000 comprising 100,000 Shares.

The changes in the issued and paid-up share capital of HP since incorporation are as follows:

Date of Allotment	No. of shares allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
24.11.2000	2	1.00	Cash	2
26.11.2001	99,998	1.00	Cash	100,000

5. INFORMATION ON THE MALTON GROUP (Cont'd)

(iii) Subsidiary and Associated Companies

As at 31 January 2002, HP has no subsidiaries or associated companies.

5.3.11 RS**(i) History and Business**

RS was incorporated on 21 February 2001 in Malaysia as a private limited company under the Companies Act, 1965. The principal activity of RS is property development.

RS has no employees as at 31 January 2002. RS is a wholly-owned subsidiary of KCR.

(ii) Share Capital

The present authorised and issued and paid-up share capital of RS is RM100,000 comprising 100,000 Shares.

The changes in the issued and paid-up share capital of RS since incorporation are as follows:

Date of Allotment	No. of shares allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
21.02.2001	2	1.00	Cash	2
26.11.2001	99,998	1.00	Cash	100,000

(iii) Subsidiary and Associated Companies

As at 31 January 2002, RS has no subsidiaries or associated companies.

5.3.12 PFDC**(i) History and Business**

PFDC was incorporated on 8 May 1987 in Malaysia as a private limited company under the Companies Act, 1965. PFDC has investment in a land but currently dormant.

PFDC has 4 employees as at 31 January 2002. PFDC is a 51%-owned subsidiary of SS.

(ii) Share Capital

The present authorised share capital of PFDC is RM3,000,000 comprising 3,000,000 Shares whilst its issued and paid-up share capital is RM2,600,000 comprising 2,600,000 Shares.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

The changes in the issued and paid-up share capital of PFDC since incorporation are as follows:-

Date of allotment	No. of shares allotted	Par Value (RM)	Consideration	Total issued and paid-up share capital (RM)
08.05.1987	2	1.00	Cash	2
09.06.1988	487,999	1.00	Cash	488,001
09.06.1988	311,999	1.00	Otherwise*	800,000
27.03.1990	488,000	1.00	Cash	1,288,000
27.03.1990	312,000	1.00	Otherwise*	1,600,000
29.06.1994	610,000	1.00	Cash	2,210,000
29.06.1994	390,000	1.00	Otherwise*	2,600,000

* Pursuant to the joint-venture agreement made on 10 June 1988 between Perbadanan Pembangunan Pertanian Negeri Perak, SEA Development Corporation Inc ('SEADC') and Yayasan Pusat Belia Antarabangsa

(iii) Subsidiary and Associated Companies

As at 31 January 2002, PFDC has no subsidiaries or associated companies.

(iv) Major Shareholders

The major shareholders (holding 5% or more) of PFDC as at 27 February 2002 are as follows: -

	No. of shares			
	Direct	%	Indirect	%
SS	*1,325,998	51.00	**1,014,000	39.00
KCR	-	-	^(a) 1,325,998	51.00
Malton	-	-	^(b) 1,325,998	51.00
Malton Corporation	-	-	^(c) 1,325,998	51.00
Datuk Lim Siew Choon, Desmond	-	-	^(d) 1,325,998	51.00
SEADC	**1,014,000	39.00	*1,326,000	51.00
Dato' Motohiro Otsuka	-	-	^(e) 1,014,000	39.00
Yayasan Pusat Belia Antarabangsa	260,000	10.00	-	-

(a) Deemed interested as SS is a wholly owned subsidiary of KCR

(b) Deemed interested as KCR is a wholly owned subsidiary of Malton

(c) Deemed interested by virtue of its substantial interest in Malton

(d) Deemed interested by virtue of his substantial interest in Malton Corporation

(e) Deemed interested by virtue of his entire/sole shareholdings in SEADC

* As at the date of this Prospectus, the sale and purchase agreement in relation to the acquisition of 1,326,000 Shares in PFDC, representing 51% of the issued and paid-up share capital of PFDC by SS and 2 individuals from SEADC (of which 1,325,998 Shares in PFDC are the portion acquired by SS), has become unconditional and is pending completion

** As at the date of this Prospectus, the memorandum of deposit of shares wherein SEADC has agreed to charge the 1,014,000 Shares in PFDC, representing 39% of the issued and paid-up shares capital of PFDC in favour of SS as security for advances granted by SS to SEADC has not yet been discharged.

5.3.13 DH

(i) History and Business

DH was incorporated on 23 May 1995 in Malaysia as a private limited company under the Companies Act, 1965. DH is currently a dormant company.

DH has no employees as at 31 January 2002. DH is a wholly-owned subsidiary of DR.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

(ii) Share Capital

The present authorised share capital of DH is RM100,000 comprising 100,000 Shares whilst its issued and paid-up share capital is RM2.00 comprising 2 Shares.

There has been no change in the issued and paid-up share capital of DH since its incorporation.

(iii) Subsidiary and Associated Companies

As at 31 January 2002, DH has no subsidiaries or associated companies.

5.4 Restructuring Scheme

In conjunction with, and as an integral part of the Re-quotations and the listing of the entire issued and paid-up Shares and Warrants of Malton on the Main Board of the KLSE, the Company undertook/will undertake the Restructuring which involved/involves the following:-

(i) Acquisition of KCR

Acquisition by Malton of the entire issued and paid-up capital of KCR comprising 16,650,010 Shares from the KCR Vendors for a purchase consideration of RM96,928,160 satisfied by way of cash, which was completed on 26 February 2002.

The purchase consideration of Acquisition of KCR of RM96,928,160 was arrived at on a willing buyer willing seller basis and after taking into consideration of the following :-

- (1) the audited consolidated NTA of KCR Group as at 30 June 2000 of RM56,158,000 plus (a) the rights issue of RM14,000,000 on the basis of approximately 5,283 new KCR shares for every 1,000 existing shares in KCR completed on 31 December 2000; and (b) the pro-rated six (6) months PAT after MI of KCR Group to 31 December 2000 of RM9,036,693, (which was pro-rated from the PAT after MI for the financial year ended 30 June 2001 of RM18,073,385), totalling RM79,194,693; and
- (2) the revaluation surplus arising from the revaluation of the land banks of KCR Group of RM17,733,467. The revaluation of the development lands are based on the valuation reports dated 31 December 2000 by an independent valuer, Colliers Jordan Lee & Jaafar Sdn Bhd.

(ii) Acquisition of BRD

Acquisition by Malton of approximately 69.12% equity interest of BRD comprising 3,455,997 Shares from the BRD Vendor for a purchase consideration of RM49,113,513.20 satisfied by way of cash and the assignment to Malton of the advances made to BRD by a former director and the former holding company of BRD totalling RM30,886,486.80 for a cash consideration of the same amount both of which were completed on 27 February 2002.

The purchase consideration for the acquisition of approximately 69.12% equity interest of BRD of RM49,113,513.20 as aforesaid was arrived at on a willing buyer willing seller basis after taking into consideration BRD's NTA, value of its development land and earnings potential.

(iii) Acquisition of DR

Acquisition by Malton of the entire issued and paid-up capital of DR comprising 1,000,000 Shares from the DR Vendors for a purchase consideration of RM38,000,000 satisfied by way of cash which was completed on 27 February 2002.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

The purchase consideration in respect of the Acquisition of DR of RM38,000,000 was arrived at on a willing buyer and willing seller basis and after taking into consideration the earnings potential of DR.

(iv) **Bonus Issue**

After completion of the Disposal, Malton implemented a Bonus Issue of 174,176,464 new Shares in Malton on the basis of one(1) new Share in Malton for every one(1) existing Share held in Malton to Malton Corporation, which was completed on 21 February 2002. All the new Shares in Malton issued pursuant to the Bonus Issue rank pari passu in all respects with the then existing Shares of Malton.

The new Shares in Malton issued pursuant to the Bonus Issue were capitalised from the share premium account and retained profits account of the Company based on its audited accounts as at the financial period ended 30 September 2001. To accommodate the issue of these Shares, the Company had on 19 February 2002 increased the authorised share capital to RM1,000,000,000 by the creation of 800,000,000 new Shares.

(v) **Warrants Issue**

After completion of the Disposal and the Bonus Issue but before the Placement and Offer for Sale, Malton had on 26 February 2002 created and issued 174,176,464 Warrants on the basis of one(1) Warrant for every two(2) existing Shares held in Malton, to Malton Corporation, then being its 100% shareholder at an aggregate consideration of RM250,000 i.e. approximately 0.14 sen per Warrant.

The new Shares in Malton to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue be credited as fully paid and shall rank pari passu in all respects with the then existing Shares of Malton in issue except that they will not be entitled to any dividends, rights, allotments and/or other distribution, the entitlement date of which is before the allotment and issuance of the new Share.

(vi) **Placement**

Upon completion of the Acquisitions, Bonus Issue and Warrants Issue, Malton Corporation will undertake a Placement of up to 104,158,000 Shares in Malton representing approximately 29.9% of the issued and paid-up share capital of Malton to investors, which include bumiputera investors at the Placement Price based on the negotiations between Malton Corporation and the placees with up to 52,079,000 free detachable Warrants.

(vii) **Offer for Sale**

Upon completion of the Acquisitions, Bonus Issue and Warrants Issue, Malton Corporation will carry out the Offer for Sale of 122,280,000 Shares in Malton representing approximately 35.1% of the issued and paid-up share capital of Malton at the Offer Price with up to 61,140,000 free detachable Warrants to the Directors and Employees of Malton Group, VO Minorities, Identified Public Placees, Malaysian public and Bumiputera investors approved by MITI.

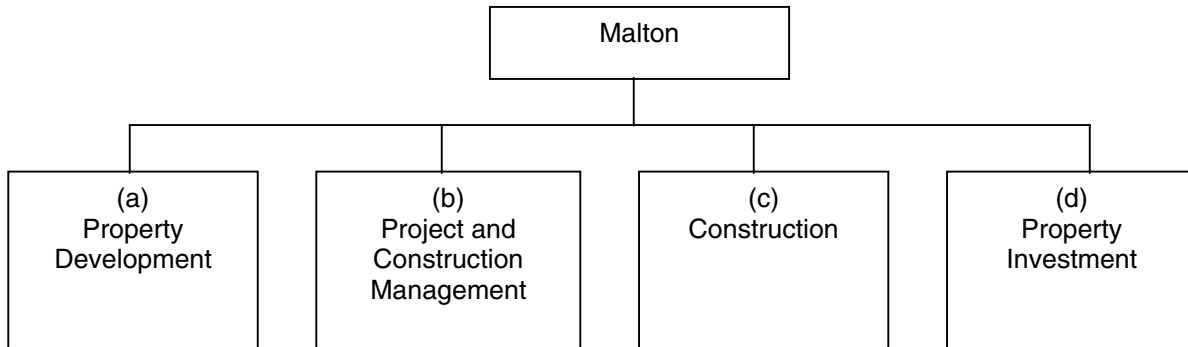
All the Placement Shares and Offer Shares pursuant to the Placement and Offer for Sale will rank pari passu in all respects with the existing Shares of Malton including voting rights and the rights to the dividend or other distributions that may be declared subsequent to the date of transfer of the Placement Shares and Offer Shares to the successful placees/offerees.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

5.5 Business Overview

5.5.1 Principal Products and Activities of the Malton Group

Malton Group comprises the following business divisions :-



a) Property Development Division

The Malton Group has an established reputation in the property development sector having completed several quality and unique developments. As at 31 December 2001, the Group has completed projects worth RM601 million while on-going projects totalled RM334 million. The future direction of the division will focus predominantly in the more resilient residential sub-sector with some exposure in commercial and industrial developments. It has RM1.16 billion worth of projects planned for the future.

The following section summarises the Group's completed, on-going and future property development projects.

Completed projects

(i) Kuchai Business Centre

Kuchai Business Centre is the Group's maiden property development project. Undertaken by KCR in 1992, the 31 units of 5-storey shop cum office was considered an innovative and bold concept at the time. The business centre measures 2.84 acres and is situated in the Kuchai area.

Kuchai Business Centre is strategically located in a thriving suburb close to Kuala Lumpur city centre. It sits on prime property in a densely populated residential area surrounded by commercial centres and shopping malls. The city centre and other neighboring suburbs such as Petaling Jaya within 15 km away via the KL-Seremban Highway, Jalan Klang Lama and Jalan Sungai Besi. The development was completed in January 1996.

(ii) Menara SEA Insurance

Spurred by the success of Kuchai Business Centre, the Group undertook the development of Menara SEA Insurance under AC. Construction of the 23-storey tall office building commenced in 1995 on a 23,479 square feet site along Jalan Sultan Ismail, Kuala Lumpur.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

Menara SEA Insurance is designed by a concept architect and recipient of the 1987 Pritzker Architecture Prize Laureate, Mr. Kenzo Tange. The structure of the building combines two segments of a circle forming a 23-storey tower and a 16-storey tower brought together in harmony to create a fan shaped plan. Central to the design is a column that wraps around the corner of the building from ground level to the top culminating into a distinctive telecommunications tower. The building has high ceiling, lower than usual windows, no hidden corners and is virtually column-free. A state of the art system coordinates the air-conditioning, electrical and fire protection systems. On the exterior a spacious ground plaza incorporates a colonnaded walkway that encircles the building.

The project was completed in December 1998. Occupants of the building include KCR, South East Asia (SEA) Insurance Berhad, Pioneer Technology (M) Sdn Bhd and Chase Perdana Berhad.

(iii) Bukit Rimau

In 1996, the Group, via BRD launched Bukit Rimau a residential, commercial and recreational development which are being developed in several phases over 8 to 9 years. To date the bungalow land have been handed over with vacant possession and 3 phases of link houses and 2 phases of townvillas have been completed with certificate of fitness. The detailed information on the project is set out under the "Ongoing Projects" section.

(iv) Vila Mutiara

In 1997, KCR undertook the development of Vila Mutiara, a modest sized development of luxurious condominiums at one of the most prestigious areas in Kuala Lumpur. The project comprises 10 units of deluxe condominiums in a 0.4-acre compound in Bukit Bandaraya.

Vila Mutiara is situated close to the dining and entertainment hub of Bangsar. The condominiums were completed in 1999 and are held for investment purposes. Presently, the condominiums are fully occupied.

(v) Seri Kembangan Commercial Centre, Phase 1

Phase 1 of the 6 phases of development comprising 3-storey shops was completed with temporary certificate of fitness in the beginning of 2001. The detailed information on the project is set out under the "Ongoing Projects" section.

Ongoing projects

(i) Seri Kembangan Commercial Centre

KCD commenced the development of Seri Kembangan Commercial Centre also known as "Pusat Perdagangan Seri Kembangan" in 1995. The vision of the Group is to develop the area into a thriving commercial centre that will be the hub of commercial activity in Seri Kembangan and surrounding towns. The 40-acre development will have single, double and triple storey shops/shop-cum-offices and apartments with ample car parks and wide roads.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

The commercial centre is located a short distance from the busy Seri Kembangan town centre in Serdang. It is surrounded by residential estates, educational institutions, local universities, the Malaysian Technology Park and the Mines Resort City hotel, shopping and exhibition centre. Seri Kembangan Commercial Centre is approximately 15km from Kuala Lumpur. Neighbouring the project is the rapidly growing towns of Putrajaya, Cyberjaya, Sepang and Bukit Jalil. A network of highways and roads such as Lebuhraya Damansara-Puchong, KL-Seremban Highway, Shah Alam Expressway, Middle Ring Road II, Besraya Highway and the proposed Sistem Lingkaran Lebuhraya Kajang (SILK) provides easy access from the commercial centre to the city centre and surrounding towns as well as other established areas such as Puchong and Petaling Jaya. Seri Kembangan Commercial Centre is also serviced by a comprehensive public transportation system including buses, KTM Komuter and STAR LRT trains nearby.

(ii) Bukit Rimau

Bukit Rimau is a 358-acre mix development strategically located in a fast growing area of Shah Alam that is being developed by BRD.

Bukit Rimau is designed to be a self-contained development with the ambiance and style of resort living. The development has spacious roadways, well-laid pedestrian walkways, covered drains, underground cables and generous green reserves. Bukit Rimau will be equipped with essential and recreational facilities such as security guard house, security patrols, schools, kindergartens, community hall, clubhouse, parks, jogging tracks, cycle way system, integrated children's playground and suburban convenience stores.

The development is strategically located in the vicinity of fast growing major towns such as Shah Alam, Subang Jaya, Klang, Bandar Sunway and Petaling Jaya. The development also adjoins Kota Kemuning, Kemuning Greenville, Rimau Indah, and Berjaya Park townships. Bukit Rimau is accessible by an integrated system of highways made up of the Shah Alam Expressway (KESAS), North Klang Valley Expressway (NKVE), North-South Highway (ELITE), Federal Highway (via Shah Alam) and the proposed South Klang Valley Expressway. It is approximately 30 kilometres from Kuala Lumpur and KL International Airport, and 20 kilometres from Petaling Jaya by the KESAS. Major destinations such as West Port, Klang and Putrajaya are about 15 kilometres away via KESAS.

BRD has handed over vacant possession on the bungalow land and completed 3 phases of link houses and 2 phases of townvillas with certificate of fitness. The remaining phases of linkhouses are in the advance stages of completion. In the future, BRD will launch residential units consisting of bungalow and semi-detached houses, link houses within a gated and secured area with condominium style facilities, cluster homes, condominiums and apartments.

(iii) Taman Batu Berendam Putra

Taman Batu Berendam Putra is an integrated residential and commercial project developed by GD. The project comprises 2-storey shops, 2-storey link houses and apartments located in Batu Berendam, a growing suburb in the state of Melaka. The development is on 23.8 acres of 99-year leasehold land expiring on 4 November 2098.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

Taman Batu Berendam Putra is strategically located close to the historical city of Melaka and Air Keroh town. It is nestled within residential and industrial estates such as Taman Merdeka, Taman Melaka Baru, Batu Berendam Free Trade Zone and Composite Technology City. In the vicinity are the Batu Berendam Airport, wholesale wet market and several shopping centres. It is accessible through the North-South Expressway, Air Keroh Expressway and Batu Berendam Road.

Future projects
(i) Sungkai Nature Homes

Sungkai Nature Homes is birthed from the philosophy of life extending beyond the walls of a home to embrace the beauty of the outdoors. The development will be undertaken by PFDC and will spread over 1,003 acres of sprawling greenery in Sungkai.

Nature Homes will be a collection of luxurious homestead bungalows and chalets set amidst lush fruit orchards and landscaped ponds. The development concept will place emphasis on leisure and community living. Proposed recreational facilities include a nine-hole golf course, clubhouse, jogging paths and cycling tracks. In the pipeline are organized leisure and outdoor activities such as white water rafting, caving and hang gliding to be carried out in the surrounding areas.

The site is strategically located mid-way between Kuala Lumpur and Ipoh. It is accessible by the North-South Highway via the Sungkai Interchange which is 4km from the site. The area is also serviced by KTM trains at the Sungkai station which is approximately 5km from the proposed Nature Homes.

(ii) Austin Heights

Austin Heights is proposed to be a mix development project by GH on a joint-venture basis, located in the vicinity of Rawang town centre. The 112.4-acre proposed development will comprise a well-balanced mix of low, medium and high value residential properties such as bungalows, apartments, flats, link houses and shops. The Group aims to create a peaceful, pleasant suburb incorporating features such as covered drainage system and underground cabling, as well as facilities like parklands, cycling tracks, surau and kindergarten.

The project site is strategically located along the North South Expressway and is accessible from the Rawang Interchange through Rawang town. It is approximately 32 kilometers to the north of Kuala Lumpur city centre and about 0.5km north of Rawang town centre. In the vicinity are other residential, commercial and industrial areas such as Rawang town, Bandar Baru Rawang and Rawang Industrial Estate. Rawang town is serviced by public transportation like KTM trains.

(iii) Taman Karak Raya

HP proposes to undertake on a joint-venture basis, the development of Taman Karak Raya, a 40-acre medium cost development comprising residential and commercial properties. The project site is located at the northwest fringe of Karak town along the main Kuala Lumpur-Kuantan Federal Route 2, within walking distance to the Karak town centre. It is approximately 20km from Bentong town.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

(iv) Mantin Indah

Mantin Indah is a proposed low to middle cost residential development to be developed by RS on a joint-venture basis on approximately 15.4 acres freehold land in Mantin. The proposed development area is located about 500 meters from the Kuala Lumpur – Seremban trunk road (Route 1) via Kajang and Semenyih. Mantin town is approximately 1km from the proposed development while Nilai Industrial Centre and Seremban are about 20km to 25km away respectively.

(v) Kulim Jaya Industrial Park

Kulim Jaya Industrial Park is proposed to be developed by RS on a joint-venture basis on 222 acres land fronting the East-West Highway. The proposed industrial park will comprise industrial and commercial areas catering to small-medium enterprises (SME).

The proposed Kulim Jaya Industrial Park is sited along the newly constructed East-West Highway, an extension of the Butterworth-Kulim Expressway. Major towns such as Butterworth and Penang are approximately 45km and 60km away respectively.

(vi) Sungai Buloh Light Industrial Park

RS proposes to develop on a joint-venture basis a 12-acre piece of land in Sungai Buloh into the Sungai Buloh Light Industrial Park. The proposed industrial park will be a self-contained light industrial development with 10 blocks of 2-storey terrace factories.

The land is strategically located along the main trunk road, Jalan Sungai Buloh which is the main transportation route for industrialists within the area to transport their goods. The road links the area to the Kuala Lumpur city centre, Sepang International Airport, Port Klang and other major towns via the New Klang Valley Expressway (NKVE) and Shah Alam Expressway (KESAS).

(vii) Bukit Lenang Resort Homes, Johor Bahru

Bukit Lenang Resort Homes is an exclusive residential bungalow development in Johor Bahru Municipality to be developed on a joint-venture basis by RS. This prime piece of freehold vacant bungalow land measuring approximately 113.6 acres consists of 405 subdivided individual bungalow land with individual titles issued. Located within the 8-Kilometre radius from Johor Bahru City Centre, Bukit Lenang Resort Homes is easily accessible via the Tebrau Highway and also via Pasir Gudang Highway. It is also approximately 1km from Ponderosa Golf and Country Resort, an 18-hole golf course which offers recreational and entertainment facilities.

Bukit Lenang Resort Homes presents a unique concept of spacious and comfortable living within the city without comprising security and privacy in an exclusive zone of landed property. All infrastructure works will be completed and connected right to each bungalow lot for easy access to the services. Top security system will be the main feature of this exclusive development with perimeter fencing and efficient security system which will include 24-hour security guard surveillance, close circuit television (CCTV) and central monitoring system. Upon its completion, Bukit Lenang Resort Homes is poised to be an upmarket residential area in Johor Bahru.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

(viii) Commercial development - Adjacent to Giant Hypermarket, Johor Bahru

RS proposes to develop on a joint-venture basis a freehold commercial development project on this approximately 2.1 acres land. The site is located adjacent to Giant Hypermarket, Plentong along the trunk road Jalan Masai at the busy junction of the interchange connecting Jalan Masai and Pasir Gudang Highway. Giant Hypermarket is a booming business attracting both the locals and also Singaporean shoppers. RS proposes to develop the land into a commercial complex with retail lots.

(ix) Plentong Industrial Development, Johor Bahru

This freehold industrial development to be developed by RS on a joint-venture basis is located along Jalan Masai at Plentong across Giant Hypermarket. It consists of 16 units of 2 1/2 storey semi-detached factories. These factory-showrooms will be contemporarily designed with aesthetic facades, built-up area of 9,000 square feet and land area of 12,000 square feet per unit. The planning approval is being submitted and the factory units will be launched for sale in the near future. The types of industries in the surrounding area are furniture factory outlet, auto services, interior décor, electrical appliance outlets and other light industries.

The proposed expansion of the Pasir Gudang Highway will provide better infrastructure facilities in the area and is expected to benefit the industrial areas in the district of Plentong. Plentong is situated approximately 10 km to Johor Port at Pasir Gudang.

(x) Commercial land at Jalan Masai, Johor Bahru

RS is proposing to develop this commercial land measuring approximately 382,363 square feet at Jalan Masai on a joint-venture basis. Jalan Masai is the artery route connecting many major residential and commercial developments at the northeast and middle region of Johor Bahru such as Taman Johor Jaya and Bandar Baru Permas Jaya. It is also connected to Tebrau Highway at the busy intersection at Carrefour Hypermarket.

The land is proposed to be subdivided into 3 portions consisting of 1 plot of petrol station land measuring 45,000 square feet and 2 plots of commercial development land measuring 87,123 square feet and 250,240 square feet respectively. The proposed development will be a commercial centre comprising showrooms, furniture centres, retail lots, etc. Plans are under way for the proposed development to increase commercial activities in the surrounding area and to capitalize on the existing thriving business activities.

b) Project and Construction Management and Consultancy Division

The project and construction management division offers professional property management and construction services for new development, re-development, rehabilitation and major renovation projects. This division will lead and maintain full control of the projects by providing services from the beginning of the development, ie conceptualisation, feasibility study, to the final stages of marketing and selling completed units and post development services. Clients can also engage specific services, such as marketing or building maintenance besides the complete range of management services offered.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

As at 31 December 2001, Malton Group has handled and completed the development of factories, warehouses, offices, abandoned housing projects and low cost developments totaling approximately RM524 million. The Group is presently managing several low cost developments valued at RM13 million and has work in hand of approximately RM475 million with another contract worth approximately RM202 million in negotiations. DR, a subsidiary of the Group, has since inception, delivered 4,230 low and medium cost houses and is anticipated to deliver 8,000 homes by 2007.

The following section summarises the Group's completed, on-going and future project management and consultancy projects:-

Completed projects

(i) Rehabilitation of Abandoned Housing Projects

In 1991, DR was appointed by TPPT Sdn Bhd ("TPPT"), a subsidiary of Bank Negara Malaysia, as Project Manager to rehabilitate abandoned housing projects under *Tabung Pusingan Perumahan Terbengkalai* (Fund For the Rehabilitation Of Abandoned Housing Schemes). The role of the fund is to rescue and rehabilitate housing projects that have been stalled for various reasons. TPPT appoints project development managers to oversee the implementation of the developments within an approved cost and time.

(ii) Taman Sri Kenari (Phase 2)

Subsequent to the completion of the rehabilitated housing projects under TPPT, DR was appointed by TPPT in 1994 as Project Development Manager to develop and manage new low cost housing projects under a new fund known as *Tabung Pusingan Perumahan Kos Rendah (TPPKR)* (Low Cost Housing Revolving Fund), set up under the supervision of BNM.

The first project undertaken was the mix development project at Taman Sri Kenari (Phase 2). Taman Sri Kenari (Phase 2), located in Kajang, Selangor, comprises 815 units of low/medium cost 2-storey link houses, apartments, flats, shops and industrial lots developed on a 33.31-acre site.

(iii) Warehouse/offices

Since 1991, DR has managed warehouse-offices/warehouse-factory development and construction for various corporations in industrial zones around the Klang Valley which include Robert's Flooring (M) Sdn Bhd from the Pacific Dunlop Group of Australia, Fen Brothers Pte Ltd, Robert Bosch Pte Ltd, Teknociti Sdn Bhd, Pacifica Habitat Sdn Bhd and Angora Resources Sdn Bhd.

(iv) Carrefour Hypermarkets

Between 1994 and 1999, DR was appointed project manager for the development and expansion of six(6) Carrefour Hypermarkets in Malaysia located at Subang Jaya in Selangor, Tebrau in Johor, Seberang Perai Tengah in Pulau Pinang and Wangsa Maju, Taman Sri Endah and Mid-Valley Megamall in Wilayah Persekutuan, Kuala Lumpur.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

Ongoing projects(i) Taman Sri Janggus

DR has been appointed by TPPT to manage the development of Taman Sri Janggus which commenced in 1996. The project is in Bukit Mertajam, Pulau Pinang covering over a land size of 47 acres. Phase 1 which has been completed with certificate of Fitness has 1,424 units of low/medium cost 2-storey link houses, apartments, flats and shops. Phase 2 comprising commercial and residential units is anticipated to commence shortly.

(ii) Bandar Seri Alam

DR has been appointed by TPPT for the development of Bandar Seri Alam in Johor Bahru since 1996. The mix development is on a land area of 113 acres only and is divided into 2 phases of development comprising 8 parcels of development areas. The project comprises 6,662 units of low/medium cost apartments and shops as well as public amenities such as kindergarten, community halls, *surau* and library.

The Bandar Seri Alam project is targeted for completion in 2007. To date 2 parcels of development have been completed and handed over with Certificate of Fitness.

Future projects(i) Sungai Bakap

DR is at an advance stage of negotiation with TPPT for the Sungai Bakap project in Seberang Perai. The proposed project covers an area of approximately 146 acres and is to be developed over 2 phases. The development is designed as a complete township providing a healthy, comfortable yet affordable lifestyle, with all the necessary conveniences for modern living. Sungai Bakap will comprise 2,770 single and double storey link houses, semi-detached houses, apartments, flats and shops. Proposed facilities include a market, schools, bus station, commercial square, community halls, *surau*, playgrounds and hawker centres.

(ii) Malaysia China Light Industrial City

In 1999, DR was appointed by a receiver to rehabilitate Malaysia China Light Industrial City now popularly known as "Desa Impian" in Melaka as the Project Development Manager. The 407.09 acres parcel of land was approved in principle for a mixed residential, industrial and commercial development project comprising 3,821 units of link houses, semi-detached houses, bungalows, town houses, apartments, flats, shops and industrial plots. Approvals from the various authorities have been obtained and work has commenced.

c) Construction Division

The construction division provides services of planning, coordinating, supervising and managing work progress and project cost. Apart from its own projects, the Group has completed the construction of a factory worth RM4.5 million. Malton Group is presently the turnkey contractor of several projects totaling RM228 million and will commence work on a RM7 million project in the future.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

The following sections summarises the Group's completed, on-going and future construction projects.

Completed project**(i) PERNAMA factory**

RMC undertook the construction of a factory for Perwira Niaga Malaysia (PERNAMA) in 1996. The PERNAMA factory consists of a 2-storey office block and a 1-storey factory block located at the Bukit Raja Industrial Estate.

Current project**(i) Menara Pertam**

In 1999, GD was awarded the contract to construct the headquarters of Perbadanan Kemajuan Tanah Adat Melaka (PERTAM) at Batu Berendam, Melaka Tengah. The building known as Menara Pertam on completion will comprise of nine storeys of office and working space and a half basement.

(ii) Sri Bintang Kompleks (Smart School)

RMC has been appointed as turnkey contractor of Sri Bintang Kompleks under a privatisation programme for the development of two secondary and two primary schools in Taman Shamelin Perkasa, Cheras. Smart School is one of the Seven Flagship Applications implemented by the Government under the Multimedia Super Corridor ("MSC") project. It is Malaysia's first prototype smart school conceived under the MSC.

The concept of Smart School is to encourage creativity and innovation among students and to produce a technology-savvy and academically sound generation through top quality equipment and facilities. It comprises two secondary schools and two primary schools, located at both ends of the campus. Each of the schools can accommodate between 800 and 1,200 students.

The Smart School is equipped with facilities such as computer labs, science labs, technical labs, technical preparation labs, music and art rooms, an open-air amphitheater, exhibition area, electronic resource centres with media centres and instructional TV facilities, hostel accommodation, career guidance rooms and counselors' offices. It will also have a sports complex and other sporting facilities such as volleyball courts, tennis courts, football field, hockey field, basketball court and a running pitch.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

d) Property Investment Division

Malton Group has investments in several choice properties worth approximately RM23.9 million as follows:-

Location	Details of property	Open Market Value (RM'mil)
Mezzanine floor, Menara ING, 84 Jalan Raja Chulan, 50200 Kuala Lumpur	Office	4.5
4th floor, Wisma Domain, No. 18A, Section 51A/223, 46100 Petaling Jaya, Selangor	Office / Warehouse	5.3
Vila Mutiara, No. 43, Jalan Medang Tanduk, 59100 Kuala Lumpur	10 units of 3-bedroom condo	14.1
Unit no. 2-111A, 2nd floor, Endah Parade Shopping Mall, Bukit Jalil	Retail	*

* No independent valuation carried out

5.5.2 Strategies and Prospects of the Group

The future prospects of the Group remains encouraging due to the Malaysian Government's steps to revive and spur the property and construction sectors. Given Malton Group's financial strength, good track record, quality landbank and current projects in hand, it will be in a good position to tap opportunities offered by the property related industry.

(a) Expansion of Landbank

The Group has always believed in maintaining an "optimum supply of land banks" as opposed to an excessively large land bank. This strategy allows the Group to hold the right quantity of quality land for development. This strategy provides the management the opportunity to acquire land as the industry moves in a boom-bust cycle. The Group has a business development team that is constantly in the market on the look out for good lands to improve its land bank.

(b) Property Development

The current land banks of the Group are substantially for residential development. The Group will focus predominantly, in the coming years, on the medium cost residential markets (e.g. Karak, Batu Berendam, Mantin and Rawang), which are more resilient to the effects of any downturn in the economy. Moreover, Malton Group, being a responsible corporate citizen of Malaysia, adheres to the Government's call to private developers to build more affordable houses to cater for the lower-income bracket population.

While the main focus of the Group will be on the residential sector, future property development activities of the Group will also include projects in the industrial and commercial sectors. The Group believes that there is a market for these products in selected locations. These projects will be located in growth areas where the potential for industrial and commercial properties have yet to be fully realised.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

In this connection, the Group's new developments in the coming years will be focused, inter-alia, on the following projects:-

Project name / (Location)	Type of developments	Gross Development Value RM' million	Year of commencement	Expected completion date
Seri Kembangan Commercial Centre	Mixed development	178.2	1997	2005
Bukit Rimau	Mixed development	548.8	1996	2005
Taman Batu Berendam Putra	Mixed development	66.4	2000	2003
Austin Heights (Rawang)	Mixed development	157.8	2002	2007
Taman Karak Raya (Karak)	Residential	55.7	2002	2005
Mantin Indah (Mantin)	Residential	22.1	2002	2004
Kulim Jaya Industrial Park (Kulim)	Industrial and commercial	181.8	2003	2007
Sungai Buloh Light Industrial Park (Sungai Buloh)	Industrial	46.2	2002	2004
Sungkai Nature Homes (Sungkai)	Residential – Orchard homes and resort living	150.0	2003	2008
Bukit Lenang Resort Homes (Johor Bahru)	Residential	158.7	2004	2008
Commercial land adjacent to Giant Hypermarket (Johor Bahru)	Commercial	*	*	*
Commercial land at Jalan Masai (Johor Bahru)	Commercial	*	*	*
Plentong Industrial Development (Johor Bahru)	Industrial	26.4	2003	2007

* Under planning

(c) Privatisation projects

The Group plans to participate in more privatisation projects as and when opportunities arise. The Batu Berendam privatisation project marked the entrance of Malton Group into the privatisation sector. With the experience acquired from the Batu Berendam project, the Group is poised to undertake future privatisation and/or joint-venture projects with local/state authorities. Through participation in such privatisation projects, Malton Group aims to assist the Government in upgrading the socio-economic status of the local population as well as upgrade the country's infrastructure for future growth.

(d) Construction Contracts and Project and Construction Management

Malton Group, through its subsidiary DR and RMC, has been involved in turnkey construction.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

Based on the expertise and the experience of DR and RMC, Malton Group is confident that the Group will be able to secure future construction contracts. The Group intends to capitalise on DR's and RMC's know-how to expand the construction arm of its business and increase its involvement in more large-scale construction projects.

The future plans of the Group will also revolve around project and construction management. Malton Group, through DR plans to expand its involvement as project managers of low-cost mixed developments and rescue projects. The Group will continue to strengthen its relationship with TPPT and offer its services to the corporation. In addition, Malton Group will also source for new opportunities in low cost development and rescue projects. The Group believes that the general thrust will be towards such developments and intends to leverage on its experience to capitalise on available opportunities.

With the completion of a large number of flatted residential properties under its project and construction management division, the Group foresees that property maintenance will become an important business in the future. Presently, the Group is providing property maintenance services for its low cost development in Bandar Seri Alam, Taman Seri Kenari and Taman Seri Jangus.

5.5.3 Interruptions/ Disruption in Business or Operations

There has been no interruption to the Group's business or operations in the past twelve (12) months prior to the date of this Prospectus. Regular periods of long holidays are taken into account in management planning and their disruptive effects are minimised as much as possible.

5.5.4 Employees

As at 31 January 2002, the Group employs a total of 149 employees. The management of the Group is of the opinion that its dedicated and efficient employees are instrumental to its success. The management of the Group enjoys a good working relationship with the employees. Its employees do not belong to any organised union.

The Group's employees are generally divided into four (4) categories as follows:-

Category of Employees	Total number
Managerial and professional	41
Technical and supervisory	50
Clerical and related occupations (e.g. clerks, typist, stenographers, personal secretaries, etc.)	25
General workers (e.g. telephone operators, drivers, office boys, watchmen, gardener, etc.)	33
TOTAL	149

5.5.5 Principal Place of Business

The location of principal place of business of the Group are as follows:-

Head Office : 21st Floor, Menara SEA Insurance
1008, Jalan Sultan Ismail
50250 Kuala Lumpur

5. INFORMATION ON THE MALTON GROUP (Cont'd)

5.6 Industry Overview**5.6.1 General Overview of the Malaysian Economy**

From 1990-1997, Malaysia had enjoyed a high level of economic growth at above 8% per annum. The recent economic crisis saw the economy slipped into recession at the end of 1997 to 1998. GDP growth fell from 7.7% in 1997 to -7.5% in 1998. Malaysia was hit by the depreciating Ringgit, declining stock market, contraction of real domestic and external demand, and the financial crisis experienced by regional Asian countries. This crisis has highlighted the risks of over-reliance on the banking system for purpose of financing economic activities particularly broad property sector and large privatisation projects. (*Economic Reports 1990-1997*)

The Malaysian economy had recovered from the 1997 Asian financial crisis and was on the path of stronger growth. Real GDP growth, which turned positive since the second quarter of 1999, had continued to grow strongly for seven consecutive quarters. (*Economic Report 2001/2002*)

In 2001, real GDP growth moderated significantly following weak performance of the external sector. The manufacturing sector, which had achieved double-digit growth over the last twenty-one consecutive months since May 1999, is expected to decelerate sharply to 0.2% in 2001 (2000: 21%) on account of the sharper-than-expected contraction of global demand, especially electronic products and components. Growth in the agriculture sector is expected to improve to 1.2% (2000 : 0.6%), emanating largely from higher oil palm production. The mining sector, however, is expected to moderate to 0.9% (200:3.1%), resulting from lower output of crude oil and tin despite a significant increase in gas production. (*Economic Report 2001/2002*)

The performance of the construction sector is expected to improve, growing by 4.9% despite a large overhang in commercial property. The better outlook is attributable to greater construction activities of low-and medium-cost houses as well as the implementation of infrastructure projects following the fiscal stimulus stance of the Government. (*Economic Report 2001/2002*)

Following the attack on the United States of America on 11 September 2001, the outlook of the global economy becomes increasingly uncertain. The attack has not only altered the prospects for an early recovery, but also increased the risk of the US economy entering into a recession. The US being the largest economy in the world and accounting for about one-fifth of world output and exports, the contagion on the economies of major industrialised countries and the rest of the world would be significant. (*Economic Report 2001/2002*)

Malaysia, being an open economy, where trade accounts for more than 200% of GDP, was also adversely affected by these external developments. The growth forecast of the Malaysian economy, which was revised downwards to 5-6% for 2001 in March from the Budget 2001 estimate of 7.5%, is being further adjusted to 1-2%, following primarily the recent developments in the US. Notwithstanding this, the strong fundamentals of the Malaysian economy continue to provide sufficient policy flexibility to implement growth-supporting measures to stimulate domestic economic activities without jeopardising the sustainability of the nation's potential growth prospects in the medium and long-term. In response to the adverse developments in the external sector and with a view to minimizing its immediate adverse spillover effects, the Government announced another stimulus package of RM4.3 billion on 25 September 2001. Apart from adding further stimulus to domestic economic activities, the package also aims to cushion the implications on the poor and other less advantaged segments of the society from the impact of the economic slowdown, generating business and income opportunities for small enterprises as well as providing skills training. (*Economic Report 2001/2002*). These efforts augurs well for the construction and property development sectors.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

5.6.2 Overview of Property Sector

From 1990-1997, the property market in Malaysia experienced robust growth yearly, with an average growth of approximately above 30% and 9% p.a. for the value and volume of property transactions respectively. The property market started to face depression in the early 1998, with the lowest number of property transactions recorded within the last eight years. It was about 30% lower than that in 1997. It was the same scenario for the residential sector with values transacted being the lowest in the last four(4) years and similarly for the commercial and industrial sectors. With the Malaysian government's counter cyclical policy in 1998 to address the recession, the NEAC introduced various policies and incentives to revive the role of the property sector. New rules regulating the currency and stock markets were also introduced. These policies implemented by the government had shown tangible results although the property sector had not regain its past momentum (*Source: Property Market Report 1998 and 1999*).

The Malaysian economy, which made the turnaround in the second quarter of 1999, charted further progress in 2000. In particular, the turnaround in the construction sector was due mainly to the implementation of several large infrastructure projects and new investments in residential sector, particularly low and medium-cost houses. Domestic demand continued to grow driven by public and private sector spending which grew by 18.5% and 19.3% respectively. The growth in the domestic consumption has been contributed, amongst others, by the measures introduced in the Budget 2000, which include a one percent personal income tax cut, higher taxes relief and a 10 percent salary increase for public sector workers. (*Property Market Report 2000*)

Overall property transactions for 2000 indicate a market that appears to have firmed further since 1999. The improvements were moderate as shown in the growth of the total volume and value of transactions of 6.3% and 20.0% respectively. (*Property Market Report 2000*).

The Malaysian property market entered the year 2001 equipped with specific measures to strengthen the industry as provided for in the Budget 2001 to cushion the weakening market dominated with high overhang in the residential, shops and industrial sector in addition to the high vacancy rates in the purpose built offices and shopping complexes. Among the measures were the lowering of the ceiling rate of ad-valorem stamp duty on property transfers from 4% to 3%. The Employee Provident Fund has relaxed its policies to allow contributors to make withdrawals towards the purchase of a second house. The government introduced a similar measure by increasing the housing loan eligibility and permitted public sector employees to utilise the balance of their loan eligibility for a second house. The financial institutions, on the other hand, continued to provide attractive housing loan packages. (*Property Market Report – Jan-Jun 2001*)

It was observed that the measures were more focused on the residential sector but not the property sector as a whole, which inevitably were affected by the general economy. On 27 March 2001, the Prime Minister announced pre-emptive measures dubbed as firm steps to run wheels faster in response to the expected slowdown in the US economy. The measures were in the form of increasing the fiscal stimulus, promoting consumption, reducing the property overhang, continuing the accommodative monetary policy, promoting financing of small and medium enterprises, promoting the services sector and maintaining the ringgit peg. (*Property Market Report – Jan-Jun 2001*)

5. INFORMATION ON THE MALTON GROUP (Cont'd)

The FIC has amended rules and guidelines pertaining to asset acquisition making it more attractive and conducive. It included steps to expedite approvals by exempting acquisition by citizens involving less than RM10 million (previously was RM5 million) and exempting acquisitions less than RM20 million by selective groups, but the parties need to inform FIC. Rules on asset acquisition have also been relaxed for foreigners. Foreign manufacturers who are exempted from obtaining manufacturing licenses by the MITI are allowed to purchase industrial properties without local equity participation. Foreigners are allowed to own all types of residential units, shops, office space and retail space worth above RM250,000 without local equity participation. The properties, however, must be 50% completed when purchased and the purchase can be financed locally. Further relaxation was extended under the Silver-Haired Programme to allow foreigners to purchase residential units above RM150,000 in areas designated for such a programme. (*Property Market Report –Jan-Jun 2001*)

The number of properties that remained unsold as at the end of the first half of 2001 decreased significantly compared to the end of the preceding half. The total number of unsold properties, that includes houses, shops and industries, fell from 62,051 units at the end of December 2000 to 46,315 units at the end of June 2001, showing a drop of 25.4%. Unsold residential units recorded a substantial decrease of 31.4% or 16,145 units while unsold industrial properties and retail shops continued to increase through marginally. The estimated value of unsold residential units was reduced by 26.5% to RM4.86 billion when compared to the similar period of the second half of 2000 while the value of shops units and industrial properties that remained unsold increased by 5.8% and 20.9% respectively. The net difference between the three sectors was a reduction of 14.3% over the second half of 2000. (*Property Market Report –Jan-Jun 2001*)

The performance of the property market in the first half of 2001 when compared to the preceding half provided a different scenario. The volume of transactions went down by 10.1% and the total value was reduced by 18.6%. Every sector recorded drops in both the volume and value of transactions except for the development land sector. However, this phenomenon is not uncommon in the Malaysian Property Market and a similar trend was observed between the first half of 2000 and the second half of 1999. (*Property Market Report –Jan-Jun 2001*)

It is expected that there will be positive growth in the property market in the second half of 2001 with increases in the number of transactions. The residential sector is expected to contribute to the growth to balance the expected decline in the commercial and industrial sectors. (*Property Market Report –Jan-Jun 2001*)

a) Overview of the Residential Sector in 2000 and the first half 2001

In 2000, the residential sector's growth moderated to 8.8% and 18.3% in volume and value respectively after experiencing encouraging up-trends of 27.8% and 32.9% in volume and value respectively in 1999. The current nationwide efforts to steer the market back to the pre-crisis level through liberalized access to housing loans, home ownership drives and other policy instruments produced some impacts in this sector. (*Property Market Report 2000*).

The market consolidated in the first half of 2001. Transaction volume fell by 9.5% in the first half of 2001 compared to the preceding half but rose by 126.8% in the second half of 2000 compared to the first half of the same year. Value of transaction trended similarly in the same period with a decrease of 12.1% and an increase of 19.7%. Nonetheless, activity in volume and value was still higher in the first six months of 2001 compared with the corresponding period of last year even after taking into account bulk sales of 1,633 units in the first half of 2001. (*Property Market Report –Jan-Jun 2001*)

5. INFORMATION ON THE MALTON GROUP (Cont'd)

Growth in the residential sub-sector was reflected in the marked increase in the number and value of residential property transactions, which was supported by strong underlying demand, particularly for affordable housing, arising from low interest rates, rising income and improved sentiment. Reflecting developers' optimism on rising demand, more units were approved for construction by private developers in Peninsular Malaysia. In tandem with higher approvals, new sales and advertising permits as well as renewals of such permits increased in 2000. Loans by the banking system for residential properties also rose significantly by RM11.2 billion in 2000. During the course of 2000, however, a slowing down in demand was evident. Sales performance of new launches of housing schemes showed a declining road, with the take-up rate declining from 61% in the first quarter to 49% in the third quarter (*BNM 2000 Annual Report*).

Nevertheless, reflecting the general improvement in demand and sentiment, house prices trended upwards during 2000. Latest date showed that the Malaysian House Price Index rose by 14.3% during the first half of 2000. Prices of all types of houses recorded increases. Relatively higher price increases were seen in the Klang Valley, Johor Bahru and Pulau Pinang. In selected locations in the Klang Valley such as Bandar Utama, Kelana Jaya and Section 17, Petaling Jaya, prices of landed property increase to above their pre-crisis levels (*BNM 2000 Annual Report*).

Compared to the first half of last year, the states with the most number of transactions remained the same with Selangor as the most active with 20,300 transactions followed by Perak (12,442) and Johor (11,805). All three states recorded increases in the number and value of transactions. (*Property Market Report –Jan-Jun 2001*)

To underscore its growing significance, the residential sector enlarged its share of the property market transactions to 71.2% in 2000 compared to 69.5% in 1999. By price range, residential properties at RM100,000 and below continued to be the most popular and made up 58% of the total transactions in this sector. This was a reduced share compared to the 62% recorded for in 1999, in line with the declining share recorded for all-sector activities. Against this, however, units priced between RM100,000 and RM250,000 saw increased shares, to 33.1% in 2000 from 29.8% in 1999. Factors such as improved affordability and increased prices contributed to more higher-priced properties being transacted. (*Property Market Report 2000*).

Measures to strengthen the residential market introduced in the Budget 2001 and to a lesser extent the fiscal pre-emptive measures announced on 27 March 2001 has kept the market resilient. Demand for affordable housing of RM150,000 and below was very much evident and maintained at the previous two halves' level with 75% of residential transactions. In terms of price range, the RM100,001 – RM150,000 bracket led with 18.2% followed closely by the RM50,001 – RM75,000 and RM75,001 – RM100,000 ranges with 17.3% and 17.2% respectively. These price ranges saw marginal growth of 0.6% -1.8% in the share of transactions compared with the previous two halves. (*Property Market Report –Jan-Jun 2001*)

b) Overview of Non-Residential Sectors in 2000

The expansion in the non-residential sub-sector was affected by the excess supply of office and retail space. The increase in number and value of commercial property transactions was not significant. Given the large overhang of purpose-built office and retail space, construction activity during 2000 in this sub-sector was supported mainly by on-going projects that had commenced before 1999. New completions of office space in the Klang Valley during the first nine months of 2000 continued to increase, outstripping the increase in demand. As a result, the average occupancy rate for office space declined during this period. In the case of retail space, the new supply from completion of projects was also significant. Nevertheless, demand for retail space strengthened due to improved economic activity, resulting in a higher occupancy rate for the retail space sector. (*BNM 2000 Annual Report*)

5. INFORMATION ON THE MALTON GROUP (Cont'd)

5.6.3 Overview of Construction Sector

Amidst the regional economic meltdown, which spread across Asia in 1997, the construction sector faced the hardest hit, resulting in a negative value-added growth in 1998 of -23%. In tandem with the slump in property sector, high interest rates prior to September 1998 and erosion of population wealth due to low shares' prices, there was a significant drop in construction starts of most classes of property projects. However, the construction of low and medium cost residential units are sustained as demand remained strong and support was received from the Government funding facility. (*Economic Report 1998*).

Growth in 1999 was also stimulated by the implementation of infrastructure projects under the fiscal stimulus package as well as housing development in response to strong underlying demand and low interest rates. The Government continued to revitalize this industry through launching of Home Campaign Ownership programs, incentives and assistance to small- and medium- scale Bumiputera entrepreneurs in the construction sector. Some privatised projects have been revived with support of budgetary allocation from the Government. A sizable portion of the development expenditure of RM7.9 billion was provided in the Budget 1999 for infrastructure projects including those in rural areas. (*BNM Annual Report 1999*).

The construction sector turned around to record a growth 1.1% in 2000 (1999: -5.6%) due to primarily to government spending under the fiscal stimulus program, privatised infrastructure projects and residential housing development, especially for affordable housing. In contrast, construction activity in the non-residential sub-sector remained subdued, constrained by excess capacity given to large overhang of office and retail space. (*BNM Annual Report 2000*).

Growth in the construction sector is expected to improve by 4.9% (200:1%) with the expansion in fiscal spending providing the main stimulus. Sales in the residential property sector are also expected to pick up as purchasers take advantage of the stamp duty exemption on sales and purchase agreement and transfer and loan agreements for properties completed before the end of 2001. (*Economic Report 2001/2002*)

In view of the strong linkages of the construction sector with the other sectors of the economy, the fiscal stimulus has focussed on the construction sector to support the economic recovery during the downturn in the Malaysian economy. Recent efforts to support the economy through Government development expenditure and housing development have mitigated the severity of the adjustment in the construction sector and contributed to an increase in domestic activity. Although, the property overhang in the non-residential sector will limit the overall growth of the sector, its' growth in the near term would, nevertheless, continue to remain positive. (*BNM 2000 Annual Report*)

5.6.4 Government Legislation, Policies and Incentives for the Industry

Among the government legislation, policies and incentives provided is the Malaysian Construction Industry Development Board Act 1994, the Housing Developers (Control and Licensing) Act 1966 (Revised 1973), Housing Developers (Control and Licensing) Regulations 1989 and Housing Developers (Housing Development Account) Regulations 1991. These Acts are responsible for regulating and improving the industry by means of providing consultancy, quality accreditation, research and development, promoting usage of high technology as well as manpower training services.

The government regulations and controls in the property development industry are principally in the broad sense to achieve the aspirations of the New Economic Policy of equitable distribution of income and the ownership of homes by the populations in general through provisions of affordable housing as well as to control and protect individual consumers by setting the minimum standard to the property development industry.

The residential property market benefited from the government support through policies concerning the availability of funds, costs of borrowing, and also support on income in the case of the public sector workers.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

On the other hand, the government's instructions to its agencies to request for a 15% reduction in rental upon renewal of leases reinforced the trend of lowering of office rental.

(Source: *Property Market Report Jan-Jun 2000*)

The construction of low-cost and medium-cost houses continue to be supported through the Government's housing programmes. Various funds were set up for low-cost housing, including the Fund for Hard Core Poor, Fund to Accelerate the Construction of Low-Cost Housing and Revolving Fund for Low-Cost Housing. Using these funds, about 36,000 units have been completed with another 57,000 units under construction. Under the Public Low-Cost Housing Programme, about 24,394 units have been completed and another 19,459 units are under construction. A total of 21,016 units of low cost houses are also being constructed under the Integrated Housing Programme, to cater for the rising housing needs of squatter settlements within Kuala Lumpur and other major cities.

(Source: *Economic Report 2000/2001*)

The softening of the United States of America's economy as a result of the terrorist attack on the World Trade Centre in New York and the Pentagon in Washington on 11 September 2001 has sparked of a coordinated and unprecedented worldwide initiative to spur the global economy. The Malaysian government has on its part doubled its efforts to stimulate the domestic economy by launching a RM4.3 billion fiscal stimulus package coupled with a reduction of the Bank Negara Malaysia's intervention rate by 50 basis points to 5%. These efforts augurs well for the construction and property development sectors. (*BNM Press Release dated 20 September 2001: Reduction in Intervention Rate*)

5.6.5 Industry Players and Competition

A performance comparison with other companies involved in the property development that are recently and soon to be listed on the KLSE are set out below for illustrative purposes:-

Companies	Turnover RM'000	Profit before taxation RM'000	Financial year ended
LBS Bina Group Berhad	266,532	44,484	31-12-2000
KSL Holdings Berhad	53,259	12,615	31-12-2000
Meda Inc. Berhad	94,348	44,729	31-12-2000

Note: Extracted from Prospectus of respective companies on a full-year proforma basis.

5.6.6 Outlook and Future Prospects

(a) Outlook of the Malaysian Economy

The Malaysian economy is forecast to grow by 4-5% in 2002 (2001 : 1-2%), led by stronger performances in the manufacturing and service sectors. In the medium to longer term, the prospects remain uncertain in Malaysia as events unfold. For Malaysia, the difficulties in the external environment emerged at a time when the nation is just at its first year of the Third Outline Perspective Plan (OPP3), 2001-2010 and the Eight Malaysian Plan, 2001-2005. To achieve the longer term objective of Vision 2020 of attaining a developed nation status, both plans had projected an average GDP growth of 7.5% per annum. The slower growth of 1-2% in 2001 and moderated recovery in 2002 of 4-5% anticipated would necessitate greater efforts at accelerating GDP growth in subsequent years to recoup lost ground during the first two years of the plan.

5. INFORMATION ON THE MALTON GROUP (Cont'd)

Given the strong foundation already in place in for the economy, the prospects of accelerating GDP growth remains plausible. The Asian financial crisis has shown that despite the worst ever recession with the economy contracting by 7.4% in 1998, Malaysia was able to recover strongly in the following years with growth rates of 6.1% and 8.3% in 1999 and 2000, respectively, thereby achieving the growth target of 7.5% of the Second Outline Perspective Plan (OPP2).

(Source : Economic Report 2001/2002)

Indications going forward are that the economy is in the early stages of recovery. The economy is expected to strengthen during the course of 2002 in tandem with sustained domestic demand and the improved global economic conditions. The leading indicator, which provides an early signal on the direction that the economy is heading, rose by 5.2% in November 2001. The positive growth rate of the index for five consecutive months since July 2001 supports the prospect for a recovery in the economy. “

(Source : BNM Quarterly Economic Bulletin Q4/2001)

(b) Outlook of the Property Sector

For the year 2001, the property market is expected to stay mixed and remain in consolidation.

Price in the residential sector for 2001 is expected to uptrend further although this is likely to be at a lower rate than the 14.3% average annual increase projected by the Malaysian House Price Index in its first half yearly report of 2000. This view takes cognisance of the consolidation trend seen in the property market during the year.

In all, the residential sector will continue to act as the front line sector for resurrecting the property market further in the economy that has yet to recover fully. As support, statistics on vacancy over the last six months showed the residential sector in a much healthier position than other sectors: while overhang in the residential sector dropped by 14.2%, vacancy in the office and retail space sectors actually grew, by 17.7% and 11.5% respectively. Further, overhang units within the residential sector constituted only 2.1% of the total stock while vacancy in the office and retail space sectors formed much larger proportions at 23.1% and 26.8% respectively. Nonetheless, the economy must improve further to generate the level of demand necessary to mop the excess supply in the affected sectors of the property market.

(Source: Property Market Report 2000).

(c) Outlook of the Construction Sector

For 2001, the growth in the construction sector is expected at 4.9% with the expansion in fiscal spending providing the main stimulus. Residential property sector sales are also expected to pick up with purchasers taking advantage of the exemption of the stamp duty on sales and purchase agreements and transfer and loan agreements for properties completed before the end of year 2001.

(Source : Economic Report 2001/2002)

The Government continues to step up efforts to eliminate bureaucratic delays as a measure to accelerate project implementation and completion in order to sustain economic growth as well as improve delivery of public goods and services. Ministries have been empowered with greater delegated authorities to approve tenders of up to RM50 million for works procurement and up to RM30 million for supplies and services.

(Source: Prime Minister's 2002 Budget speech)

5. INFORMATION ON THE MALTON GROUP (Cont'd)

5.7 Major Customers

As the Malton Group is principally involved in property development, its customers are mainly retail purchasers in respect of which their respective purchases account for less than 10% of the Group's turnover, with the exception of DR, whose main customer is TPPT.

5.8 Major Contractors/ Suppliers

The Malton Group is not dependent on any single contractor and supplier for building materials (i.e. none of the contractors/suppliers represent more than 10% of the Group's total contract sums for the past five years from 1995 to 2000).

The Group adopts various measures to minimize risk of dependency on certain contractors and/or suppliers as follows: -

- (a) The Group adopts a tender system in selecting contractors and suppliers. The selection is made after due consideration of their experience, track records and qualification; and
- (b) The Group ensures that contractors are not awarded contracts more than they are capable to undertake. Under such circumstances, the Group continuously reviews and evaluates the work in progress of each of the projects awarded to ensure prompt completion and reasonable quality attained.

Nevertheless, the Group has established long-term relationships with most of its contractors and suppliers over the years. By having a good rapport with the contractors/suppliers, as evidenced by the length of relationship between the Group and the contractors/suppliers, the Malton Group is able to secure construction works at competitive rates and the cost savings are eventually passed down to customers in terms of lower sale price.

The list of top ten (10) contractors/suppliers of the Group for the past five financial years from 1995 to 2000 and the length of relationship are as follows:-

Major Contractors/ Suppliers	Aggregate Total Contract sum from year 1995 to 2000 (RM)	Length of Relationship (Years)
Siab (M) Sdn Bhd	59,237,107	11
Kenobuild Sdn Bhd	54,938,887	5
Damai Taktik Sdn Bhd	36,975,309	2
Hamton Construction Sdn Bhd	26,574,604	3
Asaztera Sdn Bhd	20,160,000	6
Networks Engineering Sdn Bhd	19,101,193	6
Ooi Soo Cheng	17,958,021	6
Seraimas Bina Sdn Bhd	16,869,535	5
Ragawang Corporation Sdn Bhd	15,731,082	3
Pembinaan Maluri Sdn Bhd	14,938,209	8 months